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11-25-13
(PN)

RICHARDS LAYTON & FINGER

Attorneys at Law

alisa
connie
Donna
Jo
Kitty

Todd A. Coomes
302-651-7507
Coomes@rlf.com

RECEIVED
2013 NOV 25 AM 10 49
DELAWARE P.S.C.

November 25, 2013

VIA HAND DELIVERY

Alisa Bentley, Secretary
Delaware Public Service Commission
Suite 100, Cannon Building
861 Silver Lake Boulevard
Dover, DE 19904

Re: **APPLICATION OF TIDEWATER UTILITIES, INC. FOR A GENERAL RATE INCREASE**

Dear Ms. Bentley:

Enclosed please find the original and ten (10) copies of the application of Tidewater Utilities, Inc. ("Applicant") for a general rate increase pursuant to Subchapter III of Title 26 of the Delaware Code, along with the Applicant's direct testimony and supporting schedules and exhibits prepared in accordance with the Commission's Minimum Filing Requirements. Also enclosed are a form of proposed Public Notice and a check in the amount of $100.00 for the required filing fee. Applicant also submits an application to put changes in rates in effect under bond, and tariff sheets detailing the interim rates.

If you have any questions or concerns regarding the enclosed, please contact me or the appropriate Applicant official at your earliest convenience.

Sincerely,

Todd A. Coomes

Enclosures

cc: Robert Howatt, Executive Director (w/o enclosures)
David Bonar, Division of the Public Advocate
A. Bruce O'Connor (w/o enclosures)

CERTIFICATE OF SERVICE

It is hereby certified that the APPLICATION OF TIDEWATER UTILITIES, INC. FOR A GENERAL RATE INCREASE will be served the 25th day of November, 2013 as indicated below:

VIA HAND DELIVERY (Original and 10 Copies)

Alisa Bentley, Secretary
Delaware Public Service Commission
Suite 100, Cannon Building
861 Silver Lake Blvd.
Dover, Delaware 19904

VIA COURIER DELIVERY

David Bonar
Public Advocate
Division of the Public Advocate
Carvel State Office Building
820 French Street, 4th Floor
Wilmington, Delaware 19801

Regina Iorii, Esq.
Deputy Attorney General
Division of the Public Advocate
Carvel State Office Building
820 North French Street, 6th Floor
Wilmington, Delaware 19801

Julie Donoghue, Esq.
Deputy Attorney General
Delaware Public Service Commission
820 North French Street, 6th Floor
Wilmington, Delaware 19801

A. Bruce O'Connor

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION	}
OF TIDEWATER UTILITIES, INC.	}PSC DOCKET NO. 13-
FOR A GENERAL RATE INCREASE	}
(Filed November 25, 2013)	}

APPLICATION OF TIDEWATER UTILITIES, INC. FOR A GENERAL RATE INCREASE

APPLICANT

Tidewater Utilities, Inc.
1100 South Little Creek Road
Dover, Delaware 19901
A. Bruce O'Connor
Telephone: 732-638-7502
Facsimile: 732-218-1126
E-mail: aboconnor@middlesexwater.com

COUNSEL FOR TIDEWATER UTILITIES, INC.

Glenn C. Kenton, Esquire
Todd A. Coomes, Esquire
Richards, Layton & Finger, P.A.
One Rodney Square
Wilmington, DE 19801
Telephone: 302-651-7726
Facsimile: 302-498-7726
E-mail:Kenton@RLF.Com

November 25, 2013

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION	}
OF TIDEWATER UTILITIES, INC.	}PSC DOCKET NO. 13-
FOR A GENERAL RATE INCREASE	}
(Filed November 25, 2013)	}

APPLICATION OF TIDEWATER UTILITIES, INC. FOR A GENERAL RATE INCREASE

1. The name, mail and e-mail address, telephone and fax number of Tidewater Utilities, Inc. ("Applicant") is as follows:

Tidewater Utilities, Inc.
1100 South Little Creek Road
Dover, Delaware 19901

Telephone:	732-638-7502
800#:	800-523-7224
Facsimile:	732-218-1126
E-mail:	aboconnor@middlesexwater.com

2. The Applicant seeks approval of a general rate increase pursuant to 26 Del. C. § 304.

3. The present tariff base rates of the Applicant were approved by the Public Service Commission ("PSC" or "Commission") in PSC Docket No. 11-397.

4. Applicant will rely on the pre-filed testimony and supporting schedules by Company officers of the Applicant and by its expert witnesses, all filed concurrently with this Application as required by Regulation of the Commission.

5. This Application and Commission review and approval are authorized pursuant to 26 Del. C. § 304.

6. Copies of pertinent financial schedules and exhibits, and the proposed consolidated tariff, are attached as exhibits to the Applicant's pre-filed testimony filed herein.

7. The Applicant has previously filed a Notice of Intent to File a General Rate Increase Application as required by the Commission's Minimum Filing Requirements set forth in Rule 1002 of the Commission's General Regulations ("Minimum Filing Standards").

8. Other than as provided in this Application, all other information required by the Minimum Filing Standards is currently on file with the Commission.

Respectfully submitted,

TIDEWATER UTILITIES, INC.

By: ______________________

A. Bruce O'Connor

Title: Treasurer

Dated: November 25, 2013

VERIFICATION

This 25th day of November, 2013, A. Bruce O'Connor of Tidewater Utilities, Inc., being the Applicant, who being duly sworn did dispose and say:

I am familiar with the facts set forth in the foregoing Application of Tidewater Utilities, Inc. for a General Rate Increase and I verify that they are true and correct to the best of my knowledge and belief.

TIDEWATER UTILITIES, INC.

A. Bruce O'Connor

By: A. Bruce O'Connor
Title: Treasurer

STATE OF NEW JERSEY)
)ss
COUNTY OF MIDDLESEX)

The foregoing instrument was acknowledged before me this 25th day of November, 2013, by A. Bruce O'Connor, Treasurer of Tidewater Utilities, Inc.

____
Notary Public
Name: Ada N. Soto
My Commission Expires: April 6, 2014

[Notary Seal]

ADA N. SOTO
NOTARY PUBLIC OF NEW JERSEY
MY COMMISSION EXPIRES APRIL 6, 2014

STATE OF DELAWARE
THE PUBLIC SERVICE COMMISSION
CANNON BUILDING
861 SILVER LAKE BLVD., SUITE 100
DOVER, DELAWARE 19904

TELEPHONE: (302) 739-4247
TELECOPIER: (302) 739-4849

FILING COVER SHEET

1. NAME OF APPLICANT: Tidewater Utilities, Inc.

2. TYPE OF FILING:
   - RATE CHANGE X
   - FUEL ADJUSTMENT ____
   - ADMINISTRATIVE ____
   - CPCN ____
   - NEW SERVICE OFFERING ____
   - OTHER ____

   IF A TELECOMMUNICATIONS FILING, WHAT TYPE OF SERVICE IS IMPACTED:

   BASIC ____ COMPETITIVE ____ DISCRETIONARY ____

3. PROPOSED EFFECTIVE DATE: January 25, 2014

   IS EXPEDITED TREATMENT REQUESTED? Yes ____ NO X

4. SHORT SYNOPSIS OF FILING: Tidewater is seeking an increase in base rates due to increasing operating expenses and significant capital investment in utility plant to continue to provide safe, proper and adequate water service to its customers.

5. DOES THIS FILING RELATE TO PENDING DOCKETS: YES ____ NO X

   IF YES, LIST DOCKETS(S) NO(S): ____

6. IS PUBLIC NOTICE REQUIRED: YES X NO ____

   IF YES, PLEASE ATTACH COPY OF PROPOSED PUBLIC NOTICE.

7. APPLICANT'S CONTACT PERSON:
   - NAME: A. Bruce O'Connor
   - TITLE: Treasurer
   - PHONE: (732) 638-7502
   - FAX: (732) 638-7515
   - E-MAIL: aboconnor@middlesexwater.com

8. DID YOU PROVIDE A COMPLETE COPY OF THE FILING TO THE PUBLIC ADVOCATE?

   YES X NO ____ IF YES, WHEN? November 25, 2013

9. FILING FEE ENCLOSED: AMOUNT: $100.00

NOTE: House Bill 681, enacted into law 7/13/98, authorizes the Commission to recover the cost of time spent by in-house staff to process all filings initiated after the date of enactment. You may be required to reimburse the Commission for staff time.

TIDEWATER UTILITIES, INC.

TABLE OF CONTENTS

Testimony

Schedules

The List of Schedules related to the Minimum Filing Requirements is set forth on the Index under the tab "Schedules."

BRIEFING SHEET
Tidewater Utilities, Inc.
Rate Increase Request

Filing Date:	November 25, 2013		
Test Year:	12 Months Ended September 30, 2013		
Test Period:	12 Months Ended June 30, 2014		
Increase Requested:	$3,903,338 increase in operating revenues		
Percent Increase:	14.42% overall increase in operating revenues		
Effective Date:	January 25, 2014 (under bond)		
Rate of Return:	8.53%		
Capital Structure:	Ratio	Cost Rate	Weighted Cost
Debt	49.04%	6.01%	2.95%
Common Stock	50.96%	10.95%	5.58%
Total	100.00%		8.53%

Reasons For Filing: To recover capital investments in utility plant and increases in various O & M expenses, including depreciation, labor-related costs and water production costs. The Company is also seeking an opportunity to earn a fair rate of return. All of these elements are necessary to ensure that Tidewater can continue to provide safe, adequate and proper service.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
TIDEWATER UTILITIES, INC.) PSC DOCKET NO. 13-
FOR AN INCREASE IN WASTEWATER)
RATES (FILED NOVEMBER 25, 2013))

PUBLIC NOTICE OF APPLICATION OF
TIDEWATER UTILITIES, INC.
FOR A GENERAL RATE INCREASE

TO: ALL CUSTOMERS OF TIDEWATER UTILITIES, INC.:

On November 25, 2013, Tidewater Utilities, Inc. ("Tidewater") filed an application with the Delaware Public Service Commission ("the Commission") to increase its rates for wastewater service. In its application, Tidewater seeks an overall increase in annual operating revenues of approximately $3,903,338 or approximately 14.42% over current water revenues. The following is a comparison of Tidewater's present rates and proposed new rates for metered water on a quarterly basis:

Metered Consumption	Rate per Thousand Gallons - Present	Rate per Thousand Gallons - Proposed
0 - 5,000 gallons	$ 7.9469	$ 9.1389
5,001 – 20,000 gallons	$ 8.0493	$ 9.3790
Over 20,000 gallons	$ 8.1517	$ 9.6254

The following is a comparison of Tidewater's present rates and proposed new rates for facilities charges per quarter:

Meter Size	Present Rates	Proposed Rates
5/8" – ¾"	$ 52.86	$ 61.17
1"	88.11	101.94
1-1/2"	158.64	183.54
2"	246.75	285.48
3"	475.89	550.59
4"	740.28	856.50
6"	1,445.28	1,672.17
8"	2,256.06	2,610.21

The following is a comparison of Tidewater's present rates and proposed new rates for public fire hydrant charges per quarter:

	Present Rates	Proposed Rates
Fire Hydrant District Charge	$ 15.09	$ 17.84

A customer with public fire protection using a 5/8" water meter with usage of 15,000 gallons of water per quarter would see their bill increase from $188.18 to $218.49 if the full increase is authorized.

The following is a comparison of Tidewater's present rates and proposed new rates for private fire protection charges per quarter:

PRIVATE FIRE PROTECTION

Meter Size	Present Rates	Proposed Rates
1"	$ 28.67	$ 22.19
2"	100.35	77.67
4"	425.28	329.22
6"	950.90	736.08
8"	1,691.55	1,309.44

On [Insert Date], ____, pursuant to 26 *Del. C.* §306(a)(1), the Commission suspended the effectiveness of the proposed new rates and tariff revisions pending further investigation, public comment sessions, and public evidentiary hearings, which will be held later after further public notice. However, Tidewater has requested authority to place a portion of its proposed increases into effect under bond and subject to refund sixty (60) days after the initial November 25, 2013 filing date, pursuant to 26 *Del. C.* §306(c).

The Commission will make its decision on this matter on the basis of the evidence of record taken at public evidentiary hearings. The Commission may approve or reject, in whole or in part, the proposed rate increase and tariff revisions, and may approve a different method for allocating any increase should one be found to be appropriate.

Tidewater's customers are invited to review the application and supporting documents to determine how their interests may be affected. You may review the documents during normal business hours in the Commission's Dover office at the address listed below or on the Commission's website at www.state.de.us/delpsc/water.shtml. You may also review copies of the filing at the office of the Division of the Public Advocate located at the Carvel State Office Building, 4th Floor, 820 North French Street, Wilmington, Delaware 19801. Please call (302) 577-5077 to arrange for a time to review the documents at that location. If you wish to participate as a party in this docket, with the right to present evidence and be heard by counsel, you must file a petition to intervene under Rule 1001.2.9 of the Commission's Rules of Practice and Procedure (26 *Del. Admin. Code* §§1001 *et seq.*

You must file that petition on or before [Insert Date], ____ at the Commission's office located at:

Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building
Suite 100
Dover, Delaware 19904
ATTN: PSC Docket No. 13-

Petitions filed thereafter will not be considered except for good cause shown.

If you have a disability and wish to participate in, or to review the materials in, these proceedings, please contact the Commission to discuss any auxiliary aids or services you might need to help you. You may contact the Commission in person, in writing, by telephone (including text telephone), or by Internet e-mail. If you have questions about this matter, please call the Commission at 1-800-282-8574 (toll-free in Delaware) or (302) 736-7500 (voice and text telephone). You may also send questions or request information by Internet e-mail addressed to [Insert Contact Name]@state.de.us.

Delaware Public Service Commission
Company: Tidewater Utilities, Inc.
Docket No. 13-________________

Schedule 9A
Witness Responsible: O'Connor

TIDEWATER UTILITIES, INC.

Tariff for

Water Service

Applicable to Service Areas in

New Castle, Kent and Sussex Counties, Delaware

Revised Pages: 21, 23, 24, 25

Proposed Effective Revision Date: January 25, 2014

TARIFF SCHEDULE OF RATES

1. GENERAL WATER SERVICE CHARGES:

General Water Service customers are charged a Facilities Charge plus a Water Consumption Charge and a Public Fire Hydrant Charge, where applicable:

(a) FACILITIES CHARGES: I

A Facilities Charge payable in advance is based on the customer's meter size, as follows:

Meter Size	Monthly Facilities Charge	Quarterly Facilities Charge
5/8" - 3/4"	$ 18.83	$ 56.49
1"	$ 31.38	$ 94.14
1-1/2"	$ 56.50	$ 169.50
2"	$ 87.89	$ 263.67
3"	$ 169.50	$ 508.50
4"	$ 263.67	$ 791.01
6"	$ 514.78	$ 1,544.34
8"	$ 803.56	$ 2,410.68

(b) WATER CONSUMPTION CHARGES: I

Quarterly Residential Customers	Rate per Thousand Gallons
0 – 5,000 gallons	$8.4916
5,001 – 20,000 gallons	$8.6010
Over 20,000 gallons	$8.7104

All other general water service customers are charged for consumption at $8.7106 per thousand gallons registered on the meter.

(c) PUBLIC FIRE HYDRANT CHARGES: I

Where fire hydrants are installed, such districts will be termed Fire Hydrant Districts. A service charge of $16.11 per quarter, or $5.37 per month, will be added to the regular Facilities Charge on all services in these districts. Apartment houses, hotels, motels and other multiple unit buildings will be charged one such hydrant service charge of $16.11 per quarter, or $5.37 per month, for every four units.

3. TURN-OFF AND TURN-ON CHARGES:

When temporary shut-off is made at the request of a customer, or for the failure of the customer to pay past-due bills or for another reason set forth in this tariff, a service charge of $38.63 will be made. An additional charge of $38.63 will be made for turning the service back on.

There shall be no discount on these charges. These charges will apply during regular working hours, and should it be necessary to perform such work after normal hours, the charge will be $57.94.

4. SEASONAL TURN-OFF CHARGES:

Customers may request a Seasonal Turn Off by giving notice to the Company and paying the Seasonal Turn Off Charge. During the period of the Seasonal Turn Off, the customer will not be required to make payment of the Facilities Charge. The amount of the Seasonal Turn-off Charge will depend upon meter size as follows:

5/8" – ¾"	$ 175.58
1"	263.37
1-1/2"	526.73
2"	877.91
3"	1,580.24
4"	2,633.73
6"	5,267.43
8"	8,427.89

5. SERVICE CONNECTION CHARGES: I

a) Service Connection Charges will be as follows:

5/8" - 3/4" service	$ 1,022.01
1" service	$ 1,443.57
1-1/2" service	$ 2,542.26
2" service	$ 2,874.39
3" service	$ 9,198.09
4" service	$10,820.55
6" service	$15,725.64
8" service	$23,865.87

b) The charge for installing ¾" metered service to existing customers having formerly paid a Service Connection Charge shall be the difference between the Service Connection Charge in effect at the time metering commences and the Service Connection Charge previously paid. No charge will be assessed to customers having paid a tapping fee which included metered service.

c) In addition to the Service Connection Charge above, customers within the franchise territory yet outside a particular service area will be charged an extension fee of $1,022.01 per service. I

d) In addition to the Service Connection Charge above, customers within the Development of Indian River Acres will be charged a subdivision specific tariff of $2,807.71 for each service.

6. OTHER MISCELLANEOUS CHARGES:

Service call to read a meter due to change of ownership or occupancy of a dwelling unit:
Transfer charge will be $43.90.

Service call for frozen service lines or leaks that are the customer's responsibility:
The service charge will be $38.63.
After hours charge will be $57.94.

Unauthorized entry of meter pit:
The charge will be $87.79 plus cost of repair or damage for each occurrence.

Unauthorized water withdrawal from fire hydrants:
The charge will be $263.36 for each occurrence.

The Company shall charge each customer $20.00 for any returned check it receives as payment for any service, charge or deposit.

7. DISTRIBUTION SYSTEM IMPROVEMENT CHARGE: R

In addition to the net charges provided for in items 1. and 2. of this Tariff Schedule of Rates, a charge of 0.0% will apply to all charges for bills rendered on or after January 25, 2014.

The above charge will be recomputed semi-annually, using the elements prescribed by Section 314 of Title 26 of the Delaware Code.

8. BULK WATER CONTRACT SALES I

a) Ocean View – Under contract, the Town of Ocean View is charged $4.9687 per thousand gallons of consumption registered through the meter(s) at the interconnection with the Town of Ocean View water distribution system.

b) Dover Air Force Base – Off Base Housing – Under contract, Dover Air Force Base Housing – Eagle Meadows/Heights is charged $12.6855 per thousand gallons of consumption registered through the meter(s) at the interconnection with the Eagles Heights and Eagle Meadows Housing subdivision water distribution systems.

c) Southern Shores – Under contract, Southern Shores Water Company is charged $5.8059 per thousand gallons of consumption registered through the meter(s) at the interconnection with Southern Shores water distribution systems.

Delaware Public Service Commission
Company: Tidewater Utilities, Inc.
Docket No. 13-________________

Schedule 9B
Witness Responsible: O'Connor

TIDEWATER UTILITIES, INC.

Tariff for

Water Service

Applicable to Service Areas in

New Castle, Kent and Sussex Counties, Delaware

Revised Pages: 5, 5A, 12, 21, 22, 23, 24, 25

Proposed Effective Revision Date: ________________

3.5 PROPERTY SUPPLIED BY SINGLE SERVICE LINE:

A customer service line from the meter to a property shall not supply more than one property, except under special circumstances approved in writing by the Company. Any such property upon written request of the owner may be supplied by two or more meters, each of which shall be considered for billing purposes as being one customer account, and provided that each supply to each such meter has an individual control at or near the curb. Installation or continuance of any such multiple meter applications shall be in the discretion of the Company, and the Company shall have the right to reduce, modify or discontinue any service as it sees fit.

3.6 CROSS CONNECTION CONTROL T

a) A cross connection is any pipe, valve or other physical connection or other arrangement or device connecting the pipelines of the Company, or facilities directly or indirectly connected therewith, to and with pipes or fixtures by which any contamination might be admitted or drawn from lines other than the Company's into the distribution system of the Company, or into lines connected therewith.

b) No direct connection of pumping equipment for any purpose or cross-connection with any other piping system will be allowed unless approved in writing by the Company.

c) The Company reserves the right to require any customer, owner or tenant to install, at their expense, and as part of a service connection such equipment or material which it deems necessary and as may be acceptable or required from time to time by any regulatory agency or good engineering practices, to prevent backflow into the water supply and minimize or eliminate contamination of its water supply system.

d) Backflow preventors shall be required in all domestic, commercial, industrial, public and municipal services where water is used in any process which, in the opinion of the Company, could constitute a cross-connection and/or health hazard. Customer shall install backflow preventers on their service lines when they connect any irrigation system or equipment on their property. All back flow prevention equipment must be approved by the Company prior to installation.

3.6 CROSS CONNECTION CONTROL – Continued T

e) Upon issuance of a non-potable water well permit and installation of such non-potable well on customer's property, and in accordance with Title 7 Chapter 60 §6075 (d), the Company may inspect the well at any reasonable time to insure that there are not interconnections with any portion of any building's plumbing and/or the Company's water service connection. Additionally, the Company may conduct an inspection for interconnections with a non-potable well upon valid reasons including suspicious water usage

4. DISCONTINUANCE OF SERVICE

4.1 AT THE REQUEST OF THE CUSTOMER:

All agreements regarding water service shall continue in full force and effect until and unless reasonable oral or written notice is given of a desire to terminate the contract by reason of a customer moving off the Company's system in the event of a change in ownership or occupancy. Water may be turned off from the premises temporarily upon the oral or written request of the customer and upon payment to the Company of the approved Turn-off Charge without in any way affecting the existing agreement for service or the customer's duty to pay the approved Facilities Charges. In the event a Seasonal Turn Off is requested, the customer shall pay the approved seasonal Turn-off Charge at the time of the turn off. In each case service will be restored upon payment of any required Turn-on Charge and other amounts due before service is restored.

6. PUBLIC FIRE SERVICE

6.1 ALLOWABLE USE:

No person except an authorized agent of the Company or other person authorized by the Company shall take water from any public fire hydrant or hose plug, except for fire purposes or the use of the fire department in case of fire, and no public fire hydrant shall be used for sprinkling streets, flushing sewers or gutters, or for any other purposes except with the approval and consent of the Company.

6.2 MAINTENANCE OF FIRE HYDRANTS: T

All Company-owned fire hydrants shall be maintained by the Company. The Company assumes no maintenance, repair or ownership responsibility for any fire hydrant installed by a developer, builder or customer unless and until such fire hydrant has been accepted by the Company as part of its public fire service system.

6.3 CHANGE OF LOCATION:

Upon written request for a change in the location of any fire hydrant, the Company, if an approved location can be found, will make such change at the expense of the person making the request. Charges shall be based on time and material to make such changes.

6.4 INSPECTION:

Upon request of the Fire Marshall or duly authorized officials of any municipality or governing body, the Company will make inspections at convenient times and at reasonable intervals to determine the condition of the fire hydrants, such inspections to be made by a representative of the Company and a duly authorized representative of the Fire Marshall or municipality.

TARIFF SCHEDULE OF RATES

1. GENERAL WATER SERVICE CHARGES:

General Water Service customers are charged a Facilities Charge plus a Water Consumption Charge and a Public Fire Hydrant Charge, where applicable:

(a) FACILITIES CHARGES: I

A Facilities Charge payable in advance is based on the customer's meter size, as follows:

Meter Size	Monthly Facilities Charge	Quarterly Facilities Charge
5/8" - 3/4"	$ 20.39	$ 61.17
1"	$ 33.98	$ 101.94
1-1/2"	$ 61.18	$ 183.54
2"	$ 95.16	$ 285.48
3"	$ 183.53	$ 550.59
4"	$ 285.50	$ 856.50
6"	$ 557.39	$ 1,672.17
8"	$ 870.07	$ 2,610.21

(b) WATER CONSUMPTION CHARGES: I

Quarterly Residential Customers	Rate per Thousand Gallons
0 – 5,000 gallons	$9.1389
5,001 – 20,000 gallons	$9.3790
Over 20,000 gallons	$9.6254

All other general water service customers are charged for consumption at $9.3709 per thousand gallons registered on the meter.

(c) PUBLIC FIRE HYDRANT CHARGES: I

Where fire hydrants are installed, such districts will be termed Fire Hydrant Districts. A service charge of $17.84 per quarter, or $5.95 per month, will be added to the regular Facilities Charge on all services in these districts. Apartment houses, hotels, motels and other multiple unit buildings will be charged one such hydrant service charge of $17.84 per quarter, or $5.95 per month, for every four units.

2. PRIVATE FIRE SERVICE CHARGES: R

a) Customers with one service line providing both General Water Service and Private Fire Service (not used for General Water Service purposes) are charged a Private Fire Facilities Charge equal to the charge for a meter the same size as the service line, plus a charge for General Water Service based on the size of the meter, plus a Water Usage Charge, plus a Public Fire Hydrant Charge, if applicable. The Private Fire Facilities Charge is as follows:

Size of Meter	Monthly Facilities Charge	Quarterly Facilities Charge
1"	$ 7.40	$ 22.19
2"	$ 25.89	$ 77.67
4"	$109.74	$ 329.22
6"	$245.36	$ 736.08
8"	$436.48	$ 1,309.44

b) Customers with a dedicated Private Fire Service line are charged a Private Fire Facilities Charge based on the meter size or, if there is no meter, based on the charge for a meter the same size as the service line, plus a Water Usage Charge, plus a Public Fire Hydrant Charge, if applicable. The Private Fire Facilities Charge is as follows:

Size of Meter	Monthly Facilities Charge	Quarterly Facilities Charge
1"	$ 7.40	$ 22.19
2"	$ 25.89	$ 77.67
4"	$109.74	$ 329.22
6"	$245.36	$ 736.08
8"	$436.48	$ 1,309.44

c) Customers applying for one service line based on meter size and who also have Private Fire Service after the meter are charged a General Water Service Charge and a Public Fire Hydrant Charge, if applicable.

In each case, any water available for fire protection, but used for purposes other than fire protection, is to be metered and to be subject to a Water Consumption Charge.

3. TURN-OFF AND TURN-ON CHARGES:

When temporary shut-off is made at the request of a customer, or for the failure of the customer to pay past-due bills or for another reason set forth in this tariff, a service charge of $38.63 will be made. An additional charge of $38.63 will be made for turning the service back on.

There shall be no discount on these charges. These charges will apply during regular working hours, and should it be necessary to perform such work after normal hours, the charge will be $57.94.

4. SEASONAL TURN-OFF CHARGES:

Customers may request a Seasonal Turn Off by giving notice to the Company and paying the Seasonal Turn Off Charge. During the period of the Seasonal Turn Off, the customer will not be required to make payment of the Facilities Charge. The amount of the Seasonal Turn-off Charge will depend upon meter size as follows:

5/8" – ¾"	$ 175.58
1"	263.37
1-1/2"	526.73
2"	877.91
3"	1,580.24
4"	2,633.73
6"	5,267.43
8"	8,427.89

5. SERVICE CONNECTION CHARGES: I

a) Service Connection Charges will be as follows:

5/8" - 3/4" service	$ 1,099.47
1" service	$ 1,553.01
1-1/2" service	$ 2,734.95
2" service	$ 3,092.28
3" service	$ 9,895.32
4" service	$11,640.72
6" service	$16,917.63
8" service	$25,674.90

b) The charge for installing ¾" metered service to existing customers having formerly paid a Service Connection Charge shall be the difference between the Service Connection Charge in effect at the time metering commences and the Service Connection Charge previously paid. No charge will be assessed to customers having paid a tapping fee which included metered service.

c) In addition to the Service Connection Charge above, customers within the franchise territory yet outside a particular service area will be charged an extension fee of $1,099.47 per service. I

d) In addition to the Service Connection Charge above, customers within the Development of Indian River Acres will be charged a subdivision specific tariff of $2,807.71 for each service.

6. OTHER MISCELLANEOUS CHARGES:

Service call to read a meter due to change of ownership or occupancy of a dwelling unit:
Transfer charge will be $43.90.

Service call for frozen service lines or leaks that are the customer's responsibility:
The service charge will be $38.63.
After hours charge will be $57.94.

Unauthorized entry of meter pit:
The charge will be $87.79 plus cost of repair or damage for each occurrence.

Unauthorized water withdrawal from fire hydrants:
The charge will be $263.36 for each occurrence.

The Company shall charge each customer $20.00 for any returned check it receives as payment for any service, charge or deposit.

7. DISTRIBUTION SYSTEM IMPROVEMENT CHARGE:

In addition to the net charges provided for in items 1. and 2. of this Tariff Schedule of Rates, a charge of 0.0% will apply to all charges for bills rendered on or after January 25, 2014.

The above charge will be recomputed semi-annually, using the elements prescribed by Section 314 of Title 26 of the Delaware Code.

8. BULK WATER CONTRACT SALES I

a) Ocean View – Under contract, the Town of Ocean View is charged $5.3453 per thousand gallons of consumption registered through the meter(s) at the interconnection with the Town of Ocean View water distribution system.

b) Dover Air Force Base – Off Base Housing – Under contract, Dover Air Force Base Housing – Eagle Meadows/Heights is charged $13.6470 per thousand gallons of consumption registered through the meter(s) at the interconnection with the Eagles Heights and Eagle Meadows Housing subdivision water distribution systems.

c) Southern Shores – Under contract, Southern Shores Water Company is charged $6.2460 per thousand gallons of consumption registered through the meter(s) at the interconnection with Southern Shores water distribution systems.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-K

(Mark One)

☑ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2012

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ___________________

Commission File Number 0-422

MIDDLESEX WATER COMPANY

(Exact name of registrant as specified in its charter)

New Jersey	**22-1114430**
(State of Incorporation)	(IRS employer identification no.)

1500 Ronson Road, Iselin NJ 08830
(Address of principal executive offices, including zip code)
(732) 634-1500
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class:	Name of each exchange on which registered:
Common Stock, No Par Value	The NASDAQ Stock Market, LLC

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted and posted on their corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company.
Large accelerated filer ☐ Accelerated filer ☑ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes ☐ No ☑

The aggregate market value of the voting stock held by non-affiliates of the registrant at June 30, 2012 was $298,875,149 based on the closing market price of $18.58 per share.

The number of shares outstanding for each of the registrant's classes of common stock, as of March 5, 2013:
Common Stock, No par Value 15,815,595 shares outstanding

Documents Incorporated by Reference

Proxy Statement to be filed in connection with the Registrant's Annual Meeting of Stockholders to be held on May 21, 2013, which will be filed with the Securities and Exchange Commission within 120 days of the end of our 2012 fiscal year, is incorporated by reference into Part III.

MIDDLESEX WATER COMPANY
FORM 10-K

INDEX

FORWARD-LOOKING STATEMENTS

Certain statements contained in this annual report and in the documents incorporated by reference constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. Middlesex Water Company (the "Company") intends that these statements be covered by the safe harbors created under those laws. These statements include, but are not limited to:

- statements as to expected financial condition, performance, prospects and earnings of the Company;
- statements regarding strategic plans for growth;
- statements regarding the amount and timing of rate increases and other regulatory matters, including the recovery of certain costs recorded as regulatory assets;
- statements as to the Company's expected liquidity needs during the upcoming fiscal year and beyond and statements as to the sources and availability of funds to meet its liquidity needs;
- statements as to expected customer rates, consumption volumes, service fees, revenues, margins, expenses and operating results;
- statements as to financial projections;
- statements as to the expected amount of cash contributions to fund the Company's retirement benefit plans, anticipated discount rates and rates of return on plan assets;
- statements as to the ability of the Company to pay dividends;
- statements as to the Company's compliance with environmental laws and regulations and estimations of the materiality of any related costs;
- statements as to the safety and reliability of the Company's equipment, facilities and operations;
- statements as to the Company's plans to renew municipal franchises and consents in the territories it serves;
- statements as to trends; and
- statements regarding the availability and quality of our water supply.

These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by the forward-looking statements. Important factors that could cause actual results to differ materially from anticipated results and outcomes include, but are not limited to:

- the effects of general economic conditions;
- increases in competition in the markets served by the Company;
- the ability of the Company to control operating expenses and to achieve efficiencies in its operations;
- the availability of adequate supplies of water;
- actions taken by government regulators, including decisions on rate increase requests;
- new or additional water quality standards;
- weather variations and other natural phenomena;
- the existence of financially attractive acquisition candidates and the risks involved in pursuing those acquisitions;
- acts of war or terrorism;
- significant changes in the pace of housing development in Delaware;
- the availability and cost of capital resources;
- the ability to translate Preliminary Survey & Investigation charges into viable projects; and
- other factors discussed elsewhere in this annual report.

Many of these factors are beyond the Company's ability to control or predict. Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements, which only speak to the Company's understanding as of the date of this report. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

For an additional discussion of factors that may affect the Company's business and results of operations, see Item 1A - Risk Factors.

PART I

Item 1. Business.

Overview

Middlesex Water Company (Middlesex) was incorporated as a water utility company in 1897 and owns and operates regulated water utility and wastewater systems in New Jersey, Delaware and Pennsylvania. Middlesex also operates water and wastewater systems under contract on behalf of municipal and private clients in New Jersey and Delaware.

The terms "the Company," "we," "our," and "us" refer to Middlesex Water Company and its subsidiaries, including Tidewater Utilities, Inc. (Tidewater) and Tidewater's wholly-owned subsidiaries, Southern Shores Water Company, LLC (Southern Shores) and White Marsh Environmental Systems, Inc. (White Marsh). The Company's other subsidiaries are Pinelands Water Company (Pinelands Water) and Pinelands Wastewater Company (Pinelands Wastewater) (collectively, Pinelands), Utility Service Affiliates, Inc. (USA), Utility Service Affiliates (Perth Amboy) Inc., (USA-PA), Tidewater Environmental Services, Inc. (TESI) and Twin Lakes Utilities, Inc. (Twin Lakes).

The Company's principal executive offices are located at 1500 Ronson Road, Iselin, New Jersey 08830. Our telephone number is (732) 634-1500. Our internet website address is http://www.middlesexwater.com. We make available, free of charge through our internet website, reports and amendments filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, after such material is electronically filed with or furnished to the United States Securities and Exchange Commission (the SEC).

Middlesex System

The Middlesex System in New Jersey provides water services to approximately 60,000 retail customers, primarily in eastern Middlesex County, New Jersey and provides water under wholesale contracts to the City of Rahway, Townships of Edison and Marlboro, the Boroughs of Highland Park and Sayreville and the Old Bridge Municipal Utilities Authority. The Middlesex System treats, stores and distributes water for residential, commercial, industrial and fire protection purposes. The Middlesex System also provides water treatment and pumping services to the Township of East Brunswick under contract. The Middlesex System produced approximately 61% of our 2012 consolidated operating revenues.

The Middlesex System's retail customers are located in an area of approximately 55 square miles in Woodbridge Township, the City of South Amboy, the Boroughs of Metuchen and Carteret, portions of the Township of Edison and the Borough of South Plainfield in Middlesex County and, to a minor extent, a portion of the Township of Clark in Union County. Retail customers include a mix of residential customers, large industrial concerns and commercial and light industrial facilities. These customers are located in generally well-developed areas of central New Jersey.

The contract customers of the Middlesex System comprise an area of approximately 146 square miles with a population of approximately 300,000. Contract sales to Edison, Sayreville, Old Bridge, Marlboro and Rahway are supplemental to the existing water systems of these customers. The Middlesex System provides treated surface water under long-term agreements to East Brunswick, Marlboro, Old Bridge and Sayreville.

Middlesex provides water service to approximately 300 customers in Cumberland County, New Jersey. This system is referred to as Bayview, and is not physically interconnected with the Middlesex System. Bayview produced less than 1% of our 2012 consolidated operating revenues.

Tidewater System

Tidewater, together with its wholly-owned subsidiary, Southern Shores, provides water services to approximately 37,000 retail customers for domestic, commercial and fire protection purposes in over 300 separate community water systems in New Castle, Kent and Sussex Counties, Delaware. White Marsh is a wholly-owned subsidiary of

Tidewater that is unregulated as to rates and operates water and wastewater systems under contract for approximately 4,600 residential customers. White Marsh also owns the office buildings that Tidewater uses as its central business office campus. The Tidewater System produced approximately 26% of our 2012 consolidated operating revenues.

Utility Service Affiliates-Perth Amboy

USA-PA operates the City of Perth Amboy, New Jersey's (Perth Amboy) water and wastewater systems under a 20-year agreement, which expires in 2018. USA-PA serves approximately 11,000 homes and businesses, most of which are served by both the water and wastewater systems. The agreement was effected under New Jersey's Water Supply Public-Private Contracting Act and the New Jersey Wastewater Public/Private Contracting Act. Under the agreement, USA-PA receives fixed fees, and may receive variable fees, based on customer revenue growth. Fixed fee revenues increase over the term of the 20-year contract based upon a schedule of rates. USA-PA produced approximately 9% of our 2012 consolidated operating revenues.

In connection with the agreement with Perth Amboy, USA-PA entered into a 20-year subcontract with a wastewater operating company for the operation and maintenance of the Perth Amboy wastewater collection system. The subcontract provides for the sharing of certain fixed and variable fees and operating expenses.

Pinelands System

Pinelands Water provides water services to approximately 2,500 residential customers in Burlington County, New Jersey. Pinelands Water produced less than 1% of our 2012 consolidated operating revenues. Pinelands Water is not physically interconnected with the Middlesex System.

Pinelands Wastewater provides wastewater services to approximately 2,500 residential customers. Under contract, it also services one municipal wastewater system in Burlington County, New Jersey with approximately 200 residential customers. Pinelands Wastewater produced approximately 1% of our 2012 consolidated operating revenues.

Utility Service Affiliates, Inc.

USA offers residential customers in New Jersey and Delaware water service line and sewer lateral maintenance programs (LineCare). USA entered into a marketing agreement (the Agreement), expiring in 2021, with HomeServe USA (HomeServe), a leading provider of home maintenance service programs to service, develop and grow USA's LineCare customer base. USA receives a service fee for the billing, cash collection and other administrative matters associated with HomeServe's service contracts.

On July 1, 2012, USA began service to the Borough of Avalon, New Jersey (Avalon) under a ten-year operations and maintenance contract for the Avalon water utility, sewer utility and storm water system. In addition to performing the day to day operations, USA is responsible for billing, collections, customer service, emergency responses and management of capital projects funded by Avalon.

USA produced approximately 2% of our 2012 consolidated operating revenues.

TESI System

TESI provides wastewater services to approximately 2,400 residential retail customers in Kent and Sussex Counties, Delaware. TESI produced approximately 1% of our 2012 consolidated operating revenues.

Twin Lakes System

Twin Lakes provides water services to approximately 110 residential customers in Shohola, Pennsylvania. Twin Lakes produced less than 1% of our 2012 consolidated operating revenues.

Financial Information

Consolidated operating revenues, operating income and net income are as follows:

(Thousands of Dollars)
Years Ended December 31,

	2012	2011	2010
Operating Revenues	$ 110,379	$ 102,069	$ 102,735
Operating Income	$ 27,647	$ 24,201	$ 26,597
Net Income	$ 14,396	$ 13,447	$ 14,330

Operating revenues were earned from the following sources:

	2012	2011	2010
Residential	46.1 %	46.0 %	45.5 %
Commercial	9.8	10.0	9.7
Industrial	8.8	9.2	8.7
Fire Protection	9.5	10.1	9.7
Contract Sales	13.0	13.1	14.6
Contract Operations	11.1	10.0	9.7
Other	1.7	1.6	2.1
Total	100.0 %	100.0 %	100.0 %

Water Supplies and Contracts

Our New Jersey, Delaware and Pennsylvania water supply systems are physically separate and are not interconnected. In New Jersey, the Pinelands System and Bayview System are not interconnected with the Middlesex System or each other. We believe that we have adequate sources of water supply to meet the current service requirements of our present customers in New Jersey, Delaware and Pennsylvania.

Middlesex System

Our Middlesex System, which produced approximately 15.8 billion gallons in 2012, obtains water from surface sources and wells, or groundwater sources. In 2012, surface sources of water provided approximately 74% of the Middlesex System's water supply, groundwater sources provided approximately 19% from 31 wells and the balance was purchased from a non-affiliated water utility. Middlesex System's distribution storage facilities are used to supply water to customers at times of peak demand, outages and emergencies.

The principal source of surface water for the Middlesex System is the Delaware & Raritan Canal, which is owned by the State of New Jersey and operated as a water resource by the New Jersey Water Supply Authority. Middlesex is under contract with the New Jersey Water Supply Authority, which expires November 30, 2023. The contract provides for average purchases of 27 million gallons per day (mgd) of untreated water from the Delaware & Raritan Canal, augmented by the Round Valley/Spruce Run Reservoir System. Surface water is pumped to, and treated at the Middlesex Carl J. Olsen (CJO) Water Treatment Plant. Middlesex also has an agreement with a non-affiliated regulated water utility for the purchase of treated water. This agreement provides for minimum purchase of 3.0 mgd of treated water with provisions for additional purchases.

Tidewater System

Our Tidewater System produced approximately 1.9 billion gallons in 2012 from 158 wells. In 2012, no new wells were placed into service and we retired 1 well for the purpose of consolidating production facilities for more cost-efficient operation. Tidewater will submit applications to Delaware regulatory authorities for the approval of additional wells as growth, demand and water quality warrant. The Tidewater System does not have a central treatment facility but has several regional, as well as several smaller independent, treatment plants. Several of its water systems in New Castle, Kent and Sussex Counties, Delaware have interconnected transmission systems.

Pinelands System

Water supply to our Pinelands System is derived from four wells which produced approximately 162.6 million gallons in 2012. The pumping capacity of the four wells is 2.2 million gallons per day.

Pinelands Wastewater System

The Pinelands Wastewater System discharges into the South Branch of the Rancocas Creek through a tertiary treatment plant that provides clarification, sedimentation, filtration and disinfection. The total capacity of the plant is 0.5 mgd, and the system treated approximately 111.2 million gallons in 2012.

Bayview System

Water supply to Bayview customers is derived from two wells, which delivered approximately 16.3 million gallons in 2012.

TESI System

The TESI System is comprised of seven wastewater treatment systems in Kent and Sussex Counties, Delaware. The treatment plants provide clarification, sedimentation, and disinfection. The combined total treatment capacity of the plants is 0.6 mgd. The TESI System treated approximately 78.3 million gallons in 2012.

Twin Lakes System

Water supply to Twin Lakes' customers is derived from two wells, which delivered approximately 23.9 million gallons in 2012.

Employees

As of December 31, 2012, we had a total of 279 employees. No employees are represented by a union. We believe our employee relations are good. Wages and benefits are reviewed annually and are considered competitive within both the industry and the regions where we operate.

Competition

Our business in our franchised service area is substantially free from direct competition with other public utilities, municipalities and other entities. However, our ability to provide contract water supply and wastewater services and operations and maintenance services is subject to competition from other public utilities, municipalities and other entities. Although Tidewater has been granted an exclusive franchise for each of its existing community water systems, its ability to expand service areas can be affected by the Delaware Public Service Commission awarding franchises to other regulated water utilities with whom we compete for such franchises and for projects.

Regulation

Our rates charged to customers for water and wastewater services, the quality of the services we provide and certain other matters are regulated by the following state utility commissions (collectively, the Utility Commissions):

- New Jersey-New Jersey Board of Public Utilities (NJBPU)
- Delaware-Delaware Public Service Commission (DEPSC)
- Pennsylvania-Pennsylvania Public Utilities Commission (PAPUC)

Our USA, USA-PA and White Marsh subsidiaries are not regulated public utilities. However they are subject to environmental regulation with respect to water and wastewater effluent quality to the extent such services are provided.

We are subject to environmental and water quality regulation by the following regulatory agencies (collectively, the Government Environmental Regulatory Agencies):

- United States Environmental Protection Agency (EPA)
- New Jersey Department of Environmental Protection (NJDEP) with respect to operations in New Jersey
- Delaware Department of Natural Resources and Environmental Control, the Delaware Department of Health and Social Services-Division of Public Health (DEDPH), and the Delaware River Basin Commission (DRBC) with respect to operations in Delaware
- Pennsylvania Department of Environmental Protection (PADEP) with respect to operations in Pennsylvania

In addition, our issuances of equity securities are subject to the prior approval of the NJBPU and require registration with the SEC. Our issuances of long-term debt securities are subject to the prior approval of the appropriate Utility Commissions.

Regulation of Rates and Services

For ratemaking purposes, we account separately for operations in New Jersey, Delaware and Pennsylvania to facilitate independent ratemaking by the applicable Utility Commissions.

In determining our rates, the respective Utility Commissions consider the revenue, expenses, rate base of property used and useful in providing service to the public and a fair rate of return on investments within their separate jurisdictions. Rate determinations by the respective Utility Commissions do not guarantee particular rates of return to us for our New Jersey, Delaware and Pennsylvania operations. Thus, we may not achieve the rates of return permitted by the Utility Commissions. In addition, there can be no assurance that any future rate increases will be granted or, if granted, that they will be in the amounts requested.

Middlesex Rate Matters

In July 2012, the NJBPU approved an $8.1 million increase in Middlesex's annual base water rates. A base rate increase request of $11.3 million was filed in January 2012 seeking recovery of increased costs of operations, chemicals, fuel, electricity, taxes, labor and benefits, and decreases in industrial and commercial customer demand patterns, as well as capital investment in utility plant. The new base rates are designed to generate sufficient revenue to recover these increased costs and offset the lower customer demands, as well as provide a return on invested capital in rate base of $202.4 million, based on a return on equity of 10.15%. The rate increase became effective on July 20, 2012.

In November 2012, Middlesex filed a petition with the NJBPU seeking approval of foundational information (Foundational Filing) that would allow for the implementation of a Distribution System Improvement Charge (DSIC). A DSIC is a rate-mechanism that allows water utilities to recover investment in capital improvements to their water distribution system made between base rate proceedings. In February 2013, the Foundational Filing was approved by the NJBPU, which allows Middlesex to implement a DSIC rate in September 2013 to recover costs for qualifying projects that are placed in service in the six-month post approval period. The DSIC rate is allowed to increase in three subsequent six month periods for any additional qualifying projects placed in service during those time periods. The maximum annual revenues allowed to be recovered under the approved Foundational Filing is $1.4 million.

In September 2012, Middlesex filed an application with the NJBPU seeking permission to establish a Purchased Water Adjustment Clause (PWAC) and implement a tariff rate sufficient to recover increased costs of $0.1 million to purchase untreated water from the New Jersey Water Supply Authority (NJWSA) and treated water from a non-affiliated regulated water utility. We cannot predict whether the NJBPU will ultimately approve, deny, or reduce the amount of the request.

In March 2010, the NJBPU granted an increase in Middlesex's annual operating revenues of 13.57%, or $7.8 million. The increase was necessitated by increased costs, as well as to provide a return on invested capital in rate base of $180.3 million based on a return on equity of 10.30%.

Tidewater Rate Matters

In June 2012, the DEPSC approved a $3.9 million increase in Tidewater's annual base water rates. A base rate increase request of $6.9 million was filed in September 2011 seeking recovery of increased costs for operations, maintenance and taxes, as well as capital investment. Under DEPSC regulations, Tidewater had implemented interim rates in November 2011, which amounted to approximately $2.5 million on an annual basis. The new final base rates reflect the remaining $1.4 million and became effective June 19, 2012.

Effective January 1, 2013, Tidewater implemented a DEPSC approved $0.1 million DSIC rate increase.

TESI Rate Matters

In November 2012, TESI filed an application with the DEPSC seeking approval to purchase all of the utility assets of the 600 customer wastewater system serving the residents of the Plantations development (the Plantations) in Rehoboth Beach, Delaware. The application also requests the transfer of the wastewater franchise from the current owner to TESI. In connection with this transaction, TESI also filed an application with DEPSC seeking an approximate $0.1 million increase in the Plantations' residents base wastewater rates. The purchase, and subsequent operation, of the Plantation's wastewater system is contingent, among other things, upon the DEPSC's approval of both applications. We cannot predict whether the DEPSC will ultimately approve or deny the purchase and base rate increase. A decision by the DEPSC is not expected until the third quarter of 2013.

In June 2012, the DEPSC approved a $0.6 million increase in TESI's annual base wastewater rates, a portion of which is to be phased in through 2015. A base rate increase request of $0.8 million was filed in July 2011 seeking recovery of increased operation and maintenance costs, as well as capital investment. Under DEPSC regulations, TESI had implemented interim rates in September 2011, which amounted to approximately $0.1 million on an annual basis. The new final base rates became effective June 5, 2012.

Pinelands Rate Matters

In August 2012, Pinelands Water and Pinelands Wastewater filed petitions with the NJBPU seeking permission to increase base rates by approximately $0.2 million and $0.1 million per year, respectively. These requests were made as a result of capital investments as well as increased operations and maintenance costs for both companies. We cannot predict whether the NJBPU will ultimately approve, deny, or reduce the amount of the request. A decision by the NJBPU is not expected until the second quarter of 2013.

Southern Shores Rate Matters

Effective June 1, 2011, the DEPSC approved a multi-year agreement for a phased-in base rate increase for Southern Shores. This increase was made as a result of capital investment in the upgrade and renovation of Southern Shores' primary water treatment facilities, as well as by increased operating costs. Under the terms of the agreement, which expires in 2020, customer rates will increase on January 1st of each year to generate additional annual revenue of $0.1 million with each increase.

Twin Lakes Rate Matters

The PAPUC approved a $0.1 million, three-year phased-in base rate increase effective March 3, 2012. This increase was designed to recover capital investment in the upgrade and renovation of the Twin Lakes System, as well as increased operating costs.

Future Rate Filings

Both Middlesex and Tidewater believe it will be necessary to file for an increase in their base rates in 2013. Once filed, there can be no assurances that the Utility Commissions will approve the anticipated rate increase requests in whole or in part. In addition, the timing of approval of these rate requests is presently not known.

Water and Wastewater Quality and Environmental Regulations

Government environmental regulatory agencies regulate our operations in New Jersey, Delaware and Pennsylvania with respect to water supply, treatment and distribution systems and the quality of the water. They also regulate our operations with respect to wastewater collection, treatment and disposal.

Regulations relating to water quality require us to perform tests to ensure our water meets state and federal quality requirements. In addition, government environmental regulatory agencies continuously review current regulations governing the limits of certain organic compounds found in the water as byproducts of the treatment process. We participate in industry-related research to identify the various types of technology that might reduce the level of organic, inorganic and synthetic compounds found in water. The cost to water companies of complying with the proposed water quality standards depends in part on the limits set in the regulations and on the method selected to treat the water to the required standards. We regularly test our water to determine compliance with existing government environmental regulatory agencies' primary water quality standards.

Treatment of well water in our Middlesex System is by chlorination for primary disinfection purposes. In addition, at certain locations, air stripping is used for removal of volatile organic compounds.

Surface water treatment in our Middlesex System is by conventional treatment; coagulation, sedimentation and filtration. The treatment process includes pH adjustment, chlorination for disinfection, and corrosion control for the distribution system.

Treatment of well water in our Tidewater System is by chlorination for disinfection purposes and, in some cases, pH correction and filtration for nitrate and iron removal.

Treatment of well water in the Pinelands, Bayview and Twin Lakes Systems (primary disinfection only) is performed at individual well sites.

The NJDEP, DEDPH and PADEP monitor our activities and review the results of water quality tests that are performed for adherence to applicable regulations. Other applicable regulations include the Federal Lead and Copper Rule, the Federal Surface Water Treatment Rule and the Federal Total Coliform Rule and regulations for maximum contaminant levels established for various volatile organic compounds.

Seasonality

Customer demand for our water during the warmer months is generally greater than other times of the year due primarily to additional consumption of water in connection with irrigation systems, swimming pools, cooling systems and other outside water use. Throughout the year, and particularly during typically warmer months, demand may vary with temperature and rainfall timing and overall levels. In the event that temperatures during the typically warmer months are cooler than normal, or if there is more rainfall than normal, the customer demand for our water may decrease and therefore, adversely affect our revenues.

Management

This table lists information concerning our executive management team:

Name	Age	Principal Position(s)
Dennis W. Doll	54	President, Chief Executive Officer and Chairman of the Board of Directors
A. Bruce O'Connor	54	Vice President and Chief Financial Officer
Richard M. Risoldi	56	Vice President-Operations and Chief Operating Officer
Kenneth J. Quinn	65	Vice President-General Counsel, Secretary and Treasurer
Bernadette M. Sohler	52	Vice President-Corporate Affairs
Lorrie B. Ginegaw	38	Vice President–Human Resources
Gerard L. Esposito	61	President, Tidewater Utilities, Inc.

Dennis W. Doll – Mr. Doll joined the Company in November 2004 as Executive Vice President. He was elected President and Chief Executive Officer and became a Director of Middlesex effective January 1, 2006. In May 2010, he was elected Chairman of the Board of Directors of Middlesex. He is also Chairman for all subsidiaries of Middlesex. Prior to joining the Company, Mr. Doll had been employed in the regulated water utility business since 1985. Mr. Doll also serves as a volunteer Director on several non-profit Boards including the New Jersey Utilities Association, the National Association of Water Companies, the Water Research Foundation and Raritan Bay Medical Center.

A. Bruce O'Connor – Mr. O'Connor, a Certified Public Accountant, joined the Company in 1990 and was elected Vice President and Chief Financial Officer in 1996. He is responsible for financial reporting, customer service, rate cases, cash management and financings. He is Treasurer and a Director of Tidewater, TESI, USA, and White Marsh. He is Vice President, Treasurer and a Director of USA-PA, Pinelands Water and Pinelands Wastewater. He is also Vice President, Treasurer and a Director of Twin Lakes.

Richard M. Risoldi – Mr. Risoldi joined the Company in 1989 as Director of Production, responsible for the operation and maintenance of the Company's treatment and pumping facilities. He was appointed Assistant Vice President of Operations in 2003. He was elected Vice President-Subsidiary Operations in May 2004, responsible for regulated and unregulated subsidiary operations and business development. In January 2010, he became Vice President – Operations and Chief Operating Officer. He is a Director of Tidewater, TESI and White Marsh. He also serves as Director and President of Pinelands Water, Pinelands Wastewater, USA, USA-PA and Twin Lakes.

Kenneth J. Quinn – Mr. Quinn joined the Company in 2002 as General Counsel and was elected Assistant Secretary in 2003. In 2004, Mr. Quinn was elected Vice President, Secretary and Treasurer for Middlesex and Secretary and Assistant Treasurer for all subsidiaries of Middlesex. Prior to joining the Company he had been employed in private law practice as well as by two major banking institutions located in New Jersey. He is a member of the New Jersey State Bar Association and its Public Utility Law Section.

Bernadette M. Sohler – Ms. Sohler joined the Company in 1994 and was named Director of Communications in 2003 and promoted to Vice President-Corporate Affairs in March 2007 with responsibilities for corporate, investor and employee communications, media and government relations, marketing, community affairs and corporate philanthropic activities. She also serves as Vice President of USA. Prior to joining the Company, Ms. Sohler held marketing and public relations management positions in the financial services industry. Ms. Sohler serves as a volunteer director on several non-profit Boards including the National Association of Water Companies and is the Chair of the New Jersey Utilities Association's Communications Committee.

Lorrie B. Ginegaw – Ms. Ginegaw joined Tidewater in 2004. In September 2005, Ms. Ginegaw was promoted to Human Resources Manager. In May 2007, Ms. Ginegaw was promoted to Director of Human Resources for Middlesex. In March 2012, Ms. Ginegaw was appointed Vice President-Human Resources. Ms. Ginegaw is responsible for all Human Resources throughout the Company. Prior to joining the Company, Ms. Ginegaw worked in various human resources positions in the healthcare and transportation/logistics industries. She is the Chair of the New Jersey Utilities Association's Human Resources Committee and a member of the Middlesex County Workforce Investment Board.

Gerard L. Esposito – Mr. Esposito joined Tidewater in 1998 as Executive Vice President. He was elected President of Tidewater and White Marsh in 2003 and elected President of TESI in January 2005. Prior to joining the Company he worked in various executive positions for Delaware environmental protection and water quality governmental agencies. He is a Director of Tidewater, TESI, and White Marsh.

ITEM 1A. RISK FACTORS.

Our revenue and earnings depend on the rates we charge our customers. We cannot raise utility rates in our regulated businesses without filing a petition with the appropriate Utility Commissions. If these agencies modify, delay, or deny our petition, our revenues will not increase and our earnings will decline unless we are able to reduce costs.

The NJBPU regulates our public utility companies in New Jersey with respect to rates and charges for service, classification of accounts, awards of new service territory, acquisitions, financings and other matters. That means, for example, that we cannot raise the utility rates we charge to our customers without first filing a petition with the NJBPU and going through a lengthy administrative process. In much the same way, the DEPSC and the PAPUC regulate our public utility companies in Delaware and Pennsylvania, respectively. We cannot give assurance of when we will request approval for any such matter, nor can we predict whether these Utility Commissions will approve, deny or reduce the amount of such requests.

Certain costs of doing business are not completely within our control. The failure to obtain any rate increase would prevent us from increasing our revenues and, unless we are able to reduce costs, would result in reduced earnings.

General economic conditions may materially and adversely affect our financial condition and results of operations.

Recent economic conditions have negatively impacted our customers' water usage demands, particularly the level of water usage demand by our commercial and industrial customers in our Middlesex System. We are unable to determine when these customers' water demands may return to previous levels, or if the decline in demand will continue indefinitely. If water demand by our commercial and industrial customers in our Middlesex System does not return to previous levels, our financial condition and results of operations could be negatively impacted.

Recent economic conditions have also impacted the volume and pace of residential construction in our Delaware markets and in other states where developer-projects are in various stages of completion. The timing and extent of recovery of our engineering and other preliminary survey and investigation (PS&I) charges either from the construction of a project that yields customers or from reimbursements from a developer is dependent upon the timing and extent to which such projects may or may not be further developed or from our ability to collect amounts contractually owed to us. If it is determined that recovery is unlikely, the applicable PS&I costs will be charged against income in the period of determination.

We are subject to environmental laws and regulations, including water quality and wastewater effluent quality regulations, as well as other state and local regulations. Compliance with those laws and regulations requires us to incur costs and we are subject to fines or other sanctions for non-compliance.

Government Environmental Regulatory Agencies regulate our operations in New Jersey, Delaware and Pennsylvania with respect to water supply, treatment and distribution systems and the quality of water. Government Environmental Regulatory Agencies' regulations relating to water quality require us to perform expanded types of testing to ensure that our water meets state and federal water quality requirements. We are subject to EPA regulations under the Federal Safe Drinking Water Act, which include the Lead and Copper Rule, the maximum contaminant levels established for various volatile organic compounds, the Federal Surface Water

Treatment Rule and the Total Coliform Rule. There are also similar NJDEP regulations for our New Jersey water systems. The NJDEP, DEDPH and PADEP monitor our activities and review the results of water quality tests that we perform for adherence to applicable regulations. In addition, Government Environmental Regulatory Agencies are continually reviewing regulations governing the limits of certain organic compounds found in the water as byproducts of treatment.

We are also subject to regulations related to fire protection services in New Jersey and Delaware. In New Jersey there is no state-wide fire protection regulatory agency. However, New Jersey regulations exist as to the size of piping required regarding the provision of fire protection services. In Delaware, fire protection is regulated statewide by the Office of State Fire Marshal.

The cost of compliance with the water and wastewater effluent quality standards depends in part on the limits set in the regulations and on the method selected to implement them. If new or more restrictive standards are imposed, the cost of compliance could be very high and have an adverse impact on our revenues and results of operations if we cannot recover those costs through our rates that we charge our customers. The cost of compliance with fire protection requirements could also be high and make us less profitable if we cannot recover those costs through our rates charged to our customers.

In addition, if we fail to comply with environmental or other laws and regulations to which our business is subject, we could be fined or subject to other sanctions, which could adversely impact our business or results of operations.

We depend upon our ability to raise money in the capital markets to finance some of the costs of complying with laws and regulations, including environmental laws and regulations or to pay for some of the costs of improvements to or the expansion of our utility system assets. Our regulated utility companies cannot issue debt or equity securities without regulatory approval.

We require financing to fund the ongoing capital program for the improvement of our utility system assets and for planned expansion of those systems. We expect to spend approximately $73.0 million for capital projects through 2015. We must obtain regulatory approval to sell debt or equity securities to raise money for these projects. If sufficient capital is not available or the cost of capital is too high, or if the regulatory authorities deny a petition of ours to sell debt or equity securities, we may not be able to meet the costs of complying with environmental laws and regulations or the costs of improving and expanding our utility system assets to the level we believe necessary. This might result in the imposition of fines or restrictions on our operations and may curtail our ability to improve upon and expand our utility system assets.

We rely on our information technology systems to help manage our operations.

Our information technology systems require periodic modifications, upgrades and or replacement which subject us to costs and risks including potential disruption of our internal control structure, substantial capital expenditures, additional administration and operating expenses, retention of sufficiently skilled personnel to implement and operate existing or new systems, and other risks and costs of delays or difficulties in transitioning to new systems or of integrating new systems into our current systems. In addition, the difficulties with implementing new technology systems may cause disruptions in our business operations and have an adverse effect on our business and operations, if not anticipated and appropriately mitigated.

We rely on our computer, information and communications technology systems in connection with the operation of our business, especially with respect to customer service and billing, accounting and, in some cases, the monitoring and operation of our facilities. Our computer and communications systems and operations could be damaged or interrupted by natural disasters, power loss and internet, telecommunications or data network failures or acts of war or terrorism or similar events or disruptions. Any of these or other events could cause system interruption, delays and loss of critical data or delay or prevent operations and adversely affect our financial results.

There have been an increasing number of cyber security incidents on companies around the world, which have caused operational failures or compromised sensitive corporate or customer data. Although we do not believe that our systems are at a materially greater risk of cyber security incidents than other similar organizations, such cyber security incidents may result in the loss or compromise of customer, financial or operational data, disruption of billing, collections or normal field service activities, disruption of electronic monitoring and control of operational systems and delays in financial reporting and other normal management functions. Possible impacts associated with a cyber security incident may include remediation costs related to lost, stolen, or compromised data, repairs to data processing systems, increased cyber security protection costs, adverse effects on our compliance with regulatory and environmental laws and regulation, including standards for drinking water, litigation and reputational damage.

Weather conditions and overuse of underground aquifers may interfere with our sources of water, demand for water services and our ability to supply water to customers.

Our ability to meet the existing and future water demands of our customers depends on an adequate supply of water. Unexpected conditions may interfere with our water supply sources. Drought and overuse of underground aquifers may limit the availability of ground and/or surface water. Freezing weather may also contribute to water transmission interruptions caused by pipe and/or main breakage. Any interruption in our water supply could cause a reduction in our revenue and profitability. These factors might adversely affect our ability to supply water in sufficient quantities to our customers. Governmental drought restrictions might result in decreased use of water services and can adversely affect our revenue and earnings.

Our business is subject to seasonal fluctuations, which could affect demand for our water service and our revenues.

Demand for our water during the warmer months is generally greater than during cooler months due primarily to additional consumption of water in connection with irrigation systems, swimming pools, cooling systems and other outside water use. Throughout the year, and particularly during typically warmer months, demand may vary with temperature and rainfall levels. In the event that temperatures during the typically warmer months are cooler than normal, or if there is more rainfall than normal, the demand for our water may decrease and adversely affect our revenues.

Our water sources may become contaminated by naturally-occurring or man-made compounds and events. This may cause disruption in services and impose costs to restore the water to required levels of quality.

Our sources of water may become contaminated by naturally-occurring or man-made compounds and events. In the event that our water supply is contaminated, we may have to interrupt the use of that water supply until we are able to install treatment equipment or substitute the flow of water from an uncontaminated water source through our transmission and distribution systems. We may also incur significant costs in treating the contaminated water through the use of our current treatment facilities, or development of new treatment methods. Our inability to substitute water supply from an uncontaminated water source, or to adequately treat the contaminated water source in a cost-effective manner may reduce our revenues and make us less profitable.

We face competition from other water and wastewater utilities and service providers which might hinder our growth and reduce our profitability.

We face risks of competition from other utilities authorized by federal, state or local agencies. Once a state utility regulator grants a franchise to a utility to serve a specific territory, that utility effectively has an exclusive right to service that territory. Although a new franchise offers some protection against competitors, the pursuit of franchises is competitive, especially in Delaware, where new franchises may be awarded to utilities based upon competitive negotiation. Competing utilities have challenged, and may in the future challenge, our applications for new franchises. Also, third parties entering into long-term agreements to operate municipal systems might adversely affect us and our long-term agreements to supply water on a contract basis to municipalities, which could adversely affect our operating results.

We have a long-term contractual obligation for water and wastewater system operation and maintenance under which we may incur costs in excess of payments received.

USA-PA operates and maintains the water and wastewater systems of Perth Amboy under a 20-year contract expiring in 2018. This contract does not protect us against incurring costs in excess of revenues we earn pursuant to the contract. There can be no absolute assurance that we will not experience losses resulting from this contract. Losses under this contract, or our failure or inability to perform, may have a material adverse effect on our financial condition and results of operations.

An important element of our growth strategy is the acquisition of water and wastewater assets, operations, contracts or companies. Any pending or future acquisitions we decide to undertake may involve risks.

The acquisition and/or operation of water and wastewater systems is an important element in our growth strategy. This strategy depends on identifying suitable opportunities and reaching mutually agreeable terms with acquisition candidates or contract partners. These negotiations, as well as the integration of acquired businesses, could require us to incur significant costs and cause diversion of our management's time and resources. Further, acquisitions may result in dilution of our equity securities, incurrence of debt and contingent liabilities, fluctuations in quarterly results and other related expenses. In addition, the assets, operations, contracts or companies we acquire may not achieve the sales and profitability expected.

The current concentration of our business in central New Jersey and Delaware makes us susceptible to any adverse development in local regulatory, economic, demographic, competitive and weather conditions.

Our New Jersey water and wastewater businesses provide services to customers who are located primarily in eastern Middlesex County, New Jersey. Water service is provided under wholesale contracts to the Townships of Edison and Marlboro, the Boroughs of Highland Park and Sayreville, the Old Bridge Municipal Utilities Authority, and the City of Rahway in Union County, New Jersey. We also provide water and wastewater services to customers in the State of Delaware. Our revenues and operating results are therefore subject to local regulatory, economic, demographic, competitive and weather conditions in a relatively concentrated geographic area. A change in any of these conditions could make it more costly or difficult for us to conduct our business. In addition, any such change would have a disproportionate effect on us, compared to water utility companies that do not have such a geographic concentration.

The necessity for ongoing security has and may continue to result in increased operating costs.

Because of the continuing threats to the health and security of the United States of America, we employ procedures to review and modify, as necessary, security measures at our facilities. We provide ongoing training and communications to our employees about threats to our water supply and to their personal safety. Our security measures include protocols regarding delivery and handling of certain chemicals used in our business. We are at risk for terrorist attacks and have incurred, and will continue to incur, costs for security measures to protect our facilities, operations and supplies from such risks.

Our ability to achieve growth in our market area is dependent on the residential building market. Housing starts impact our rate of growth and therefore, may not meet our expectations.

We expect our revenues to increase from customer growth for our regulated water and wastewater operations as a result of anticipated construction and sale of new housing units. Although the residential building market in Delaware has experienced growth in recent years, this growth has slowed due to current economic conditions. If housing starts decline further, or do not increase as we have projected, as a result of economic conditions or otherwise, the timing and extent of our revenue growth may not meet our expectations, our deferred project costs may not produce revenue-generating projects in the timeframes anticipated and our financial results could be negatively impacted.

There can be no assurance that we will continue to pay dividends in the future or, if dividends are paid, that they will be in amounts similar to past dividends.

We have paid dividends on our common stock each year since 1912 and have increased the amount of dividends paid each year since 1973. Our earnings, financial condition, capital requirements, applicable regulations and other factors, including the timeliness and adequacy of rate increases, will determine both our ability to pay dividends on common stock and the amount of those dividends. There can be no assurance that we will continue to pay dividends in the future or, if dividends are paid, that they will be in amounts similar to past dividends.

If we are unable to pay the principal and interest on our indebtedness as it comes due or we default under certain other provisions of our loan documents, our indebtedness could be accelerated and our results of operations and financial condition could be adversely affected.

Our ability to pay the principal and interest on our indebtedness as it comes due will depend upon our current and future performance. Our performance is affected by many factors, some of which are beyond our control.
We believe that our cash generated from operations, and, if necessary, borrowings under our existing credit facilities will be sufficient to enable us to make our debt payments as they become due. If, however, we do not generate sufficient cash, we may be required to refinance our obligations or sell additional equity, which may be on terms that are not as favorable to us.

No assurance can be given that any refinancing or sale or equity will be possible when needed or that we will be able to negotiate acceptable terms. In addition, our failure to comply with certain provisions contained in our trust indentures and loan agreements relating to our outstanding indebtedness could lead to a default under these documents, which could result in an acceleration of our indebtedness.

We depend significantly on the services of the members of our senior management team, and the departure of any of those persons could cause our operating results to suffer.

Our success depends significantly on the continued individual and collective contributions of our senior management team. If we lose the services of any member of our senior management or are unable to hire and retain experienced management personnel, our operating results could be negatively impacted.

We are subject to anti-takeover measures that may be used by existing management to discourage, delay or prevent changes of control that might benefit non-management shareholders.

Subsection 10A of the New Jersey Business Corporation Act, known as the New Jersey Shareholders Protection Act, applies to us. The Shareholders Protection Act deters merger proposals, tender offers or other attempts to effect changes in control that are not approved by our Board of Directors. In addition, we have a classified Board of Directors, which means only one-third of the Directors are elected each year. A classified Board can make it harder for an acquirer to gain control by voting its candidates onto the Board of Directors and may also deter merger proposals and tender offers. Our Board of Directors also has the ability, subject to obtaining NJBPU approval, to issue one or more series of preferred stock having such number of shares, designation, preferences, voting rights, limitations and other rights as the Board of Directors may fix. This could be used by the Board of Directors to discourage, delay or prevent an acquisition that the Board of Directors determines is not in the best interest of the common stockholders.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

Utility Plant

The water utility plant in our systems consist of source of supply, pumping, water treatment, transmission and distribution, general facilities and all appurtenances, including all connecting pipes.

The wastewater utility plant in our systems consist of pumping, treatment, collection mains, general facilities and all appurtenances, including all connecting pipes.

Middlesex System

The Middlesex System's principal source of surface supply is the Delaware & Raritan Canal owned by the State of New Jersey and operated as a water resource by the New Jersey Water Supply Authority.

Water is withdrawn from the Delaware & Raritan Canal at New Brunswick, New Jersey through our intake and pumping station, located on state-owned land bordering the canal. Water is transported through two raw water pipelines for treatment and distribution at our CJO Water Treatment Plant in Edison, New Jersey.

The CJO Water Treatment Plant includes chemical storage and chemical feed equipment, two dual rapid mixing basins, four upflow clarifiers which are also called superpulsators, four underground reinforced chlorine contact tanks, twelve rapid filters containing gravel, sand and anthracite for water treatment and a steel washwater tank. The CJO Water Treatment Plant also includes a computerized Supervisory Control and Data Acquisitions system to monitor and control the CJO Water Treatment Plant and the water supply and distribution system in the Middlesex System. There is an on-site State certified laboratory capable of performing bacteriological, chemical, process control and advanced instrumental chemical sampling and analysis. The firm design capacity of the CJO Water Treatment Plant is 55 mgd (60 mgd maximum capacity). The five electric motor-driven, vertical turbine pumps presently installed have an aggregate capacity of 85 mgd.

In addition, there is a 15 mgd auxiliary pumping station located at the CJO Water Treatment Plant location. It has a dedicated substation and emergency power supply provided by a diesel-driven generator. It pumps from the 10 million gallon distribution storage reservoir directly into the distribution system.

The transmission and distribution system is comprised of 740 miles of mains and includes 23,200 feet of 48-inch reinforced concrete transmission main connecting the CJO Water Treatment Plant to our distribution pipe network and related storage facilities. Also included is a 58,600 foot transmission main and a 38,800 foot transmission main, augmented with a long-term, non-exclusive agreement with the East Brunswick system to transport water to several of our contract customers.

The Middlesex System's storage facilities consist of a 10 million gallon reservoir at the CJO Water Treatment Plant, 5 million gallon and 2 million gallon reservoirs in Edison (Grandview), a 5 million gallon reservoir in Carteret (Eborn) and a 2 million gallon reservoir at the Park Avenue Well Field.

In New Jersey, we own the properties on which the Middlesex System's 31 wells are located, the properties on which our storage tanks are located as well as the property where the CJO Water Treatment Plant is located. We also own our headquarters complex located at 1500 Ronson Road, Iselin, New Jersey, consisting of a 27,000 square foot office building and an adjacent 16,500 square foot maintenance facility.

Tidewater System

The Tidewater System is comprised of 83 production plants that vary in pumping capacity from 46,000 gallons per day to 1.0 mgd. Water is transported to our customers through 632 miles of transmission and distribution mains. Storage facilities include 48 tanks, with an aggregate capacity of 5.5 million gallons. Our Delaware operations are managed from Tidewater's offices in Dover, Delaware. The Delaware office property, located on an eleven-acre parcel owned by White Marsh, consists of two office buildings totaling approximately 17,000 square feet. In addition, Tidewater maintains a field operations center servicing its largest service territory area in

Sussex County, Delaware. The operations center is located on a 2.9 acre parcel owned by White Marsh, and consists of one building totaling approximately 5,300 square feet.

Pinelands System

Pinelands Water owns well site and storage properties in Southampton Township, New Jersey. The Pinelands Water storage facility is a 1.2 million gallon standpipe. Water is transported to our customers through 18 miles of transmission and distribution mains.

Pinelands Wastewater System

Pinelands Wastewater owns a 12 acre site on which its 0.5 million gallons per day capacity tertiary treatment plant and connecting pipes are located. Its wastewater collection system is comprised of approximately 24 miles of sewer lines.

Bayview System

Bayview owns two well sites, which are located in Downe Township, Cumberland County, New Jersey. Water is transported to its customers through our 4.2 mile distribution system.

TESI System

The TESI System is comprised of seven wastewater treatment systems in Southern Delaware. The treatment plants provide clarification, sedimentation, and disinfection. The combined total capacity of the plants is 0.6 mgd. TESI's wastewater collection system is comprised of approximately 36.9 miles of sewer lines.

Twin Lakes System

Twin Lakes owns two well sites, which are located in the Township of Shohola, Pike County, Pennsylvania. Water is transported to our customers through 3.7 miles of distribution mains.

USA-PA, USA and White Marsh

Our non-regulated subsidiaries, namely USA-PA, USA and White Marsh, do not own utility plant property.

ITEM 3. LEGAL PROCEEDINGS.

The Company is a defendant in lawsuits in the normal course of business. We believe the resolution of pending claims and legal proceedings will not have a material adverse effect on the Company's consolidated financial statements.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's common stock is traded on the NASDAQ Stock Market, LLC, under the symbol MSEX. The following table shows the range of high and low share prices per share for the common stock and the dividend paid to shareholders in such quarter. As of December 31, 2012, there were 1,879 holders of record.

2012	**High**	**Low**	**Dividend**
Fourth Quarter	$19.59	$17.48	$0.1875
Third Quarter	$19.64	$18.40	$0.1850
Second Quarter	$19.00	$18.00	$0.1850
First Quarter	$19.60	$18.04	$0.1850
2011	**High**	**Low**	**Dividend**
Fourth Quarter	$19.44	$16.51	$0.1850
Third Quarter	$19.19	$16.54	$0.1825
Second Quarter	$19.29	$17.77	$0.1825
First Quarter	$19.31	$17.35	$0.1825

The Company has paid dividends on its common stock each year since 1912. The payment of future dividends is contingent upon the future earnings of the Company, its financial condition and other factors deemed relevant by the Board of Directors at its discretion.

If four or more quarterly dividends are in arrears, the preferred shareholders, as a class, are entitled to elect two members to the Board of Directors in addition to Directors elected by holders of the common stock. In the event dividends on the preferred stock are in arrears, no dividends may be declared or paid on the common stock of the Company.

In June 2010, the Company sold and issued 1.9 million shares of common stock in a public offering that was priced at $15.21 per share. The net proceeds of approximately $27.8 million were used to repay certain of the Company's short-term debt outstanding.

The Company periodically issues shares of common stock in connection with its Dividend Reinvestment and Common Stock Purchase Plan (the DRP). The Company raised approximately $1.6 million through the issuance of 0.1 million shares under the DRP during 2012.

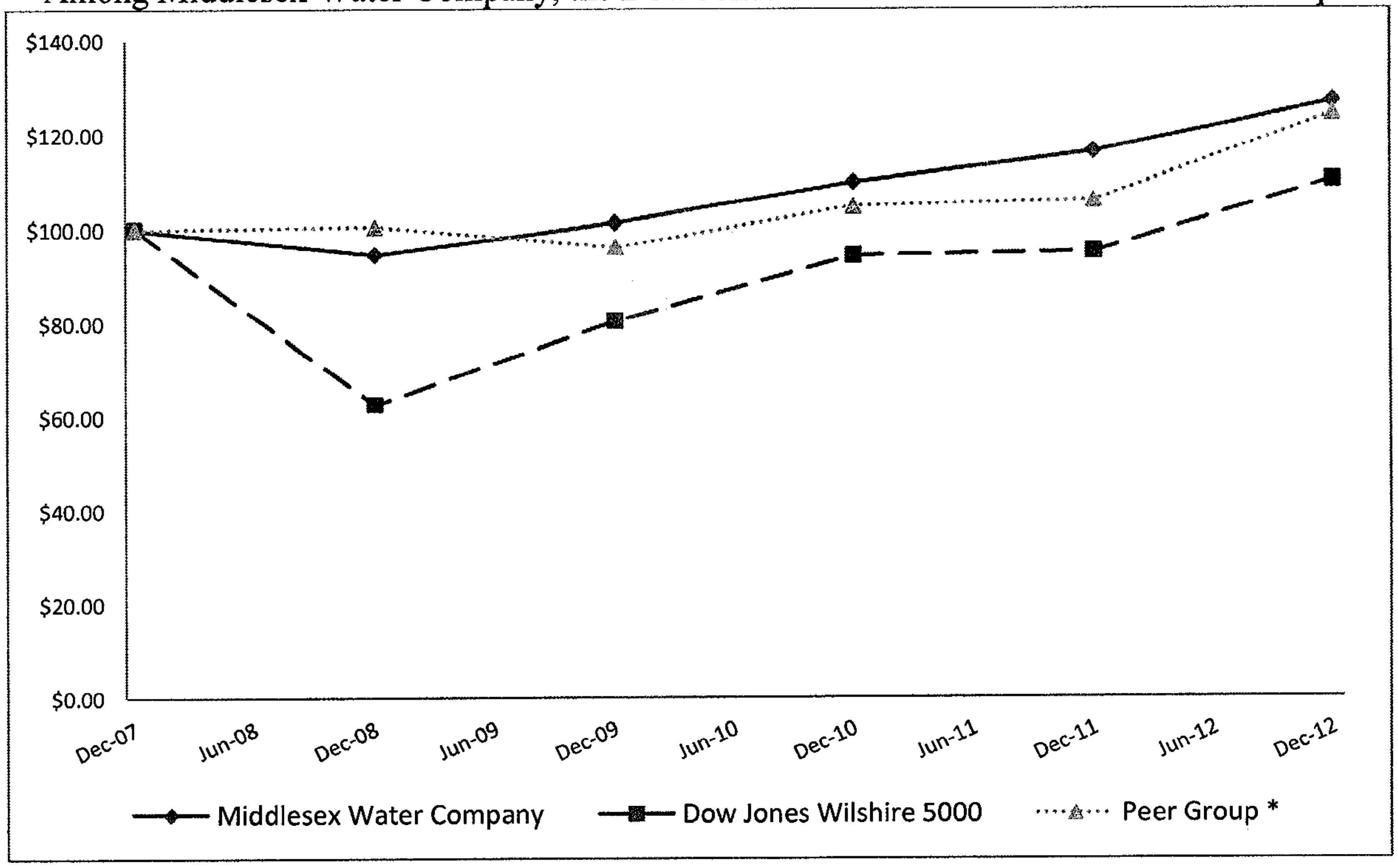
The Company has a stock compensation plan for certain management employees (the 2008 Restricted Stock Plan). The Company maintains an escrow account for 0.1 million awarded shares of the Company's common stock for the 2008 Restricted Stock Plan. Such stock is subject to an agreement requiring forfeiture by the employee in the event of termination of employment within five years of the award other than as a result of retirement, death, disability or change in control. The maximum number of shares authorized for grant under the 2008 Restricted Stock Plan is 0.3 million shares and 0.2 million shares remain available for future awards under the 2008 Restricted Stock Plan.

The Company has a stock compensation plan for its outside directors (the Outside Director Stock Compensation Plan). In 2012, 5,768 shares of common stock were granted and issued to the Company's outside directors under the Outside Director Stock Compensation Plan. The maximum number of shares authorized for grant under the Outside Director Stock Compensation Plan is 100,000. 87,429 shares remain available for future grants under the Outside Director Stock Compensation Plan.

Set forth below is a line graph comparing the yearly change in the cumulative total return (which includes reinvestment of dividends) of a $100 investment for the Company's common stock, a peer group of investor-owned water utilities, and the Dow Jones Wilshire 5000 Stock Index for the period of five years commencing December 31, 2007. The Dow Jones Wilshire 5000 Stock Index measures the performance of all U.S. headquartered equity securities with readily available price data.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN

Among Middlesex Water Company, the Dow Jones Wilshire 5000 Index and a Peer Group*



* Peer group includes American States Water Company, Artesian Resources Corp., California Water Service Company, Connecticut Water Service, Inc., SJW Corp., York Water Company and Middlesex. The peer group has been modified to remove the following entities: Pennichuck Corp. (acquired); American Water Works, Inc. and Aqua America Inc. (substantial market capitalization). The remaining peer group members are more representative of similar size regulated water utilities.

	December 31,					
	2007	**2008**	**2009**	**2010**	**2011**	**2012**
Middlesex Water Company	100.00	94.60	101.41	110.07	116.44	127.02
Dow Jones Wilshire 5000	100.00	62.77	80.53	94.35	95.27	110.57
Peer Group	100.00	100.60	96.16	104.83	106.18	124.50

ITEM 6. SELECTED FINANCIAL DATA.

CONSOLIDATED SELECTED FINANCIAL DATA
(Thousands Except per Share Data)

	2012	2011	2010	2009	2008
Operating Revenues	$110,379	$102,069	$102,735	$ 91,243	$ 91,038
Operating Expenses:					
Operations and Maintenance	60,458	56,634	55,481	52,348	48,929
Depreciation	10,409	9,746	9,244	8,559	7,922
Other Taxes	11,865	11,488	11,413	10,175	10,168
Total Operating Expenses	82,732	77,868	76,138	71,082	67,019
Operating Income	27,647	24,201	26,597	20,161	24,019
Other Income, Net	857	2,149	1,444	1,726	1,302
Interest Charges	6,725	6,376	6,925	6,750	7,057
Income Taxes	7,383	6,527	6,786	5,160	6,056
Net Income	14,396	13,447	14,330	9,977	12,208
Preferred Stock Dividend	206	206	207	208	218
Earnings Applicable to Common Stock	$ 14,190	$ 13,241	$ 14,123	$ 9,769	$ 11,990
Earnings per Share:					
Basic	$ 0.90	$ 0.85	$ 0.96	$ 0.73	$ 0.90
Diluted	$ 0.90	$ 0.84	$ 0.96	$ 0.72	$ 0.89
Average Shares Outstanding:					
Basic	15,733	15,615	14,654	13,454	13,317
Diluted	15,995	15,877	14,916	13,716	13,615
Dividends Declared and Paid	$ 0.743	$ 0.733	$ 0.723	$ 0.713	$ 0.703
Total Assets	$561,726	$537,536	$489,185	$458,086	$440,000
Convertible Preferred Stock	$ 2,273	$ 2,273	$ 2,273	$ 2,273	$ 2,273
Long-term Debt	$131,467	$132,167	$133,844	$124,910	$118,217

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

The following discussion of the Company's historical results of operations and financial condition should be read in conjunction with the Company's consolidated financial statements and related notes.

Management's Overview

Operations

Middlesex Water Company (Middlesex) has operated as a water utility in New Jersey since 1897, in Delaware through our wholly-owned subsidiary, Tidewater Utilities, Inc. (Tidewater), since 1992 and in Pennsylvania through our wholly-owned subsidiary, Twin Lakes Utilities, Inc. (Twin Lakes), since 2009. We are in the business of collecting, treating and distributing water for domestic, commercial, municipal, industrial and fire protection purposes. We also operate two New Jersey municipal water and wastewater systems under contract and provide regulated wastewater services in New Jersey and Delaware through our subsidiaries. We are regulated as to rates charged to customers for water and wastewater services, as to the quality of water service we provide and as to certain other matters in New Jersey, Delaware and Pennsylvania. Only our Utility Service Affiliates, Inc. (USA), Utility Service Affiliates (Perth Amboy), Inc. (USA-PA) and White Marsh Environmental Services, Inc. (White Marsh) subsidiaries are not regulated utilities.

Our New Jersey water utility system (the Middlesex System) provides water services to approximately 60,000 retail customers, primarily in central New Jersey. The Middlesex System also provides water service under contract to municipalities in central New Jersey with a total population of approximately 300,000. We also have an investment in a joint venture, Ridgewood Green RME, LLC, that is constructing, and will own and operate, facilities to optimize the production of electricity at the Village of Ridgewood, New Jersey wastewater treatment plant and other municipal facilities (full operation of the facilities is expected to begin in the second quarter of 2013). In partnership with our subsidiary, USA-PA, we operate the water supply system and wastewater system for the City of Perth Amboy, New Jersey (Perth Amboy). Our Bayview subsidiary provides water services in Downe Township, New Jersey. Our other New Jersey subsidiaries, Pinelands Water Company (Pinelands Water) and Pinelands Wastewater Company (Pinelands Wastewater) (collectively, Pinelands), provide water and wastewater services to residents in Southampton Township, New Jersey.

USA offers residential customers in New Jersey and Delaware water service line and sewer lateral maintenance programs (LineCare). USA entered into a marketing agreement (the Agreement), expiring in 2021, with HomeServe USA (HomeServe), a leading provider of home maintenance service programs to service, develop and grow USA's LineCare customer base. USA receives a service fee for the billing, cash collection and other administrative matters associated with HomeServe's service contracts. On July 1, 2012, USA began service to the Borough of Avalon, New Jersey (Avalon) under a ten-year operations and maintenance contract for the Avalon water utility, sewer utility and storm water system. In addition to performing the day to day operations, USA is responsible for billing, collections, customer service, emergency responses and management of capital projects funded by Avalon.

Our Delaware subsidiaries, Tidewater and Southern Shores Water Company, LLC (Southern Shores), provide water services to approximately 37,000 retail customers in New Castle, Kent and Sussex Counties, Delaware. Tidewater's subsidiary, White Marsh, services approximately 4,600 customers in Kent and Sussex Counties through various operations and maintenance contracts.

Our Tidewater Environmental Services, Inc. (TESI) subsidiary provides wastewater services to approximately 2,400 residential retail customers in Kent and Sussex Counties, Delaware. We expect the growth of our regulated wastewater operations in Delaware will eventually become a more significant component of our operations.

Our Pennsylvania subsidiary, Twin Lakes, provides water services to approximately 100 retail customers in the Township of Shohola, Pike County, Pennsylvania.

The majority of our revenue is generated from retail customers in our regulated franchise areas and contract water services to municipalities adjacent to our regulated franchise areas. We record water service revenue as such service is rendered and include estimates for amounts unbilled at the end of the period for services provided after the last billing cycle. Fixed service charges are billed in advance by Tidewater and are recognized in revenue as the service is provided.

Recent Developments

Superstorm Sandy - During the last week of October 2012, our businesses, primarily in New Jersey, were impacted by Superstorm Sandy. The most significant impact was widespread power outages caused by the storm's heavy winds and rain. Because all of our critical water and wastewater facilities are equipped with emergency power generators, we were able to maintain service to our customers during the storm, as well as in its aftermath. The storm did not have a material adverse impact on our results of operations, financial position or cash flows. Claims for damages and any associated losses have been submitted to our insurance carriers. We anticipate that claims which may not be covered by insurance are recoverable through the regulatory rate setting process.

Strategy

Our strategy is focused on four key areas:

- Serve as a trusted and continually-improving provider of safe, reliable and cost-effective water, wastewater and related services;
- Provide a comprehensive suite of water and wastewater solutions in the continually-developing Delaware market that results in profitable growth;
- Pursue profitable growth in our core states of New Jersey and Delaware, as well as additional states; and
- Invest in products, services and other viable opportunities that complement our core competencies.

Rates

Middlesex - In July 2012, the New Jersey Board of Public Utilities (NJBPU) approved an $8.1 million increase in Middlesex's annual base water rates. A base rate increase request of $11.3 million was filed in January 2012 seeking recovery of increased costs of operations, chemicals, fuel, electricity, taxes, labor and benefits and decreases in industrial and commercial customer demand patterns, as well as capital investment in utility plant. The new base rates are designed to generate sufficient revenue to recover these increased costs and offset the lower customer demands, as well as provide a return on invested capital in rate base of $202.4 million, based on a return on equity of 10.15%. The rate increase became effective on July 20, 2012.

In November 2012, Middlesex filed a petition with the NJBPU seeking approval of foundational information (Foundational Filing) that would allow for the implementation of a Distribution System Improvement Charge (DSIC). A DSIC is a rate-mechanism that allows water utilities to recover investment in capital improvements to their water distribution system made between base rate proceedings. In February 2013, the Foundational Filing was approved by the NJBPU, which allows Middlesex to implement a DSIC rate in September 2013 to recover costs for qualifying projects that are placed in service in the six-month post-approval period. The DSIC rate is allowed to increase in three subsequent six month periods for any additional qualifying projects placed in service during those time periods. The maximum annual revenues allowed to be recovered under the approved Foundational Filing is $1.4 million.

In September 2012, Middlesex filed an application with the NJBPU seeking permission to establish a Purchased Water Adjustment Clause (PWAC) and implement a tariff rate sufficient to recover increased costs of $0.1 million to purchase untreated water from the New Jersey Water Supply Authority and treated water from a non-affiliated regulated water utility. We cannot predict whether the NJBPU will ultimately approve, deny, or reduce the amount of the request.

In March 2010, the NJBPU granted an increase in Middlesex's annual operating revenues of 13.57%, or $7.8 million. The increase was necessitated by increased costs, as well as to provide a return on invested capital in rate base of $180.3 million based on a return on equity of 10.30%.

Tidewater – In June 2012, the Delaware Public Service Commission (DEPSC) approved a $3.9 million increase in Tidewater's annual base water rates. A base rate increase request of $6.9 million was filed in September 2011 seeking recovery of increased costs for operations, maintenance and taxes, as well as capital investment. Under DEPSC regulations, Tidewater had implemented interim rates in November 2011, which amounted to approximately $2.5 million on an annual basis. The new final base rates reflect the remaining $1.4 million and became effective June 19, 2012.

Effective January 1, 2013, Tidewater implemented a DEPSC approved $0.1 million DSIC rate increase.

TESI – In November 2012, TESI filed an application with the DEPSC seeking approval to purchase all of the utility assets of the 600 customer wastewater system serving the residents of the Plantations development (the

Plantations) in Rehoboth Beach, Delaware. The application also requests the transfer of the wastewater franchise from the current owner to TESI. In connection with this transaction, TESI also filed an application with DEPSC seeking an approximate $0.1 million increase in the Plantations' residents base wastewater rates. The purchase, and subsequent operation, of the Plantation's wastewater system is contingent, among other things, upon the DEPSC's approval of both applications. We cannot predict whether the DEPSC will ultimately approve or deny the purchase and base rate increase. A decision by the DEPSC is not expected until the third quarter of 2013.

In June 2012, the DEPSC approved a $0.6 million increase in TESI's annual base wastewater rates, a portion of which is to be phased in through 2015. A base rate increase request of $0.8 million was filed in July 2011 seeking recovery of increased operation and maintenance costs, as well as capital investment. Under DEPSC regulations, TESI had implemented interim rates in September 2011, which amounted to approximately $0.1 million on an annual basis. The new final base rates became effective June 5, 2012.

Pinelands – In August 2012, Pinelands Water and Pinelands Wastewater filed petitions with the NJBPU seeking permission to increase base rates by approximately $0.2 million and $0.1 million per year, respectively. These requests were made as a result of capital investments as well as increased operations and maintenance costs for both companies. We cannot predict whether the NJBPU will ultimately approve, deny, or reduce the amount of the request. A decision by the NJBPU is not expected until the second quarter of 2013.

Southern Shores – Effective June 1, 2011, the DEPSC approved a multi-year agreement for a phased-in base rate increase for Southern Shores. This increase was made as a result of capital investment in the upgrade and renovation of Southern Shores' primary water treatment facilities, as well as by increased operating costs. Under the terms of the agreement, which expires in 2020, customer rates will increase on January 1st of each year to generate additional annual revenue of $0.1 million with each increase.

Twin Lakes - The Pennsylvania Public Utilities Commission approved a $0.1 million, three-year phased-in base rate increase effective March 3, 2012. This increase was designed to recover capital investment in the upgrade and renovation of the Twin Lakes System, as well as increased operating costs.

Outlook

Revenues for 2013 are expected to be favorably impacted by the full year effect of approved 2012 base rate increases for Middlesex, Tidewater, TESI, Southern Shores and Twin Lakes. The Pinelands Water and Pinelands Wastewater base rate increase requests should also contribute to additional revenues in 2013 as well as the Tidewater DSIC and the Middlesex PWAC and DSIC. Both Middlesex and Tidewater believe it will be necessary to file for an increase in their base rates in 2013. The rate increases that Pinelands Water, Pinelands Wastewater, Tidewater and Middlesex filed, or expect to file, have not yet been approved by each company's respective utility commission. There can be no assurances that the requested rate increases will be approved in whole or in part or when the final decisions will be rendered.

Middlesex has received notification from the Borough of Sayreville, New Jersey (Sayreville), one of Middlesex's wholesale contract customers, that Sayreville will not be renewing its contract for the purchase of water from Middlesex. In accordance with the terms, this contract will remain in effect through August 12, 2013. Middlesex is exploring options with Sayreville for its ongoing emergency water supply requirements. Gross operating revenues from water sales to Sayreville amounted to $1.9 million in 2012. In addition, Hess Corporation (Hess), Middlesex's largest retail water customer, has announced it intends to cease its oil refining operations at its Port Reading, New Jersey facility as early as of the end of February 2013. Revenues from Hess amounted to $2.6 million in 2012. Revenue reductions from either of these customers may accelerate the need for Middlesex to file a base rate increase Petition with the NJBPU.

Ongoing economic conditions continue to negatively impact our customers' water consumption, particularly the level of water usage by our commercial and industrial customers in our Middlesex system. We are unable to determine when these customers' water demands may fully return to previous levels, or if a reduced level of demand will continue indefinitely. We were given appropriate recognition for a portion of this decrease in customer consumption in Middlesex's March 2010 and July 2012 rate increases.

Revenues and earnings are influenced by weather. Changes in usage patterns, as well as increases in capital expenditures and operating costs, are the primary factors in determining the need for rate increase requests. We continue to implement plans to streamline operations and reduce operating costs.

As a result of ongoing challenging economic conditions impacting the pace of new residential home construction, there may be an increase in the amount of preliminary survey and investigation (PS&I) costs that will not be currently recoverable in rates. If it is determined that recovery is unlikely, the applicable PS&I costs will be charged against income in the period of determination.

Improved performance in 2012 on our investment of retirement plan funds, partially offset by a lower discount rate, is expected to result in lower employee benefit plan expense and cash contributions in 2013. See Note 7 of the Notes to Consolidated Financial Statements for further discussion of Employee Benefit Plans.

Our ability to increase operating income and net income is based significantly on four factors: weather, adequate and timely rate relief, effective cost management, and customer growth. These factors are evident in the discussions below which compare our results of operations from prior years.

Operating Results by Segment

The Company has two operating segments, Regulated and Non-Regulated. Our Regulated segment contributed approximately 89%, 90% and 90% of total revenues, and approximately 93%, 91% and 92% of net income for the years ended December 31, 2012, 2011 and 2010, respectively. The discussion of the Company's results of operations is on a consolidated basis, and includes significant factors by subsidiary. The segments in the tables included below are comprised of the following companies: Regulated- Middlesex, Tidewater, Pinelands, Southern Shores, TESI and Twin Lakes; Non-Regulated- USA, USA-PA, and White Marsh.

Results of Operations in 2012 Compared to 2011

(Millions of Dollars) Years ended December 31,	2012			2011		
	Regulated	Non-Regulated	Total	Regulated	Non-Regulated	Total
Revenues	$97.8	$12.6	$110.4	$91.5	$10.6	$102.1
Operations and maintenance	50.1	10.4	60.5	47.8	8.8	56.6
Depreciation	10.2	0.2	10.4	9.7	0.1	9.8
Other taxes	11.6	0.3	11.9	11.2	0.3	11.5
Operating income	$25.9	$1.7	$27.6	$22.8	$1.4	$24.2
Other income, net	0.8	0.1	0.9	1.2	0.9	2.1
Interest expense	6.6	0.1	6.7	6.3	0.1	6.4
Income taxes	6.6	0.8	7.4	5.5	1.0	6.5
Net income	$13.5	$0.9	$14.4	$12.2	$1.2	$13.4

Operating Revenues

Operating revenues for the year ended December 31, 2012 increased $8.3 million from the same period in 2011. This increase was attributable to the following factors:

- Middlesex System revenues increased $2.7 million, primarily due to:
    - Sales to general meter service customers increased by $2.1 million, primarily due to the July 2012 base water rate increase; and
    - Contract Sales to Municipalities increased by $0.6 million, primarily due to the July 2012 base water rate;
- Tidewater System revenues increased $3.3 million, primarily due to interim and final rate increases that went into effect in November 2011 and June 2012, respectively, and increased connection fees;
- USA's revenues increased $1.5 million, primarily due to revenues earned under contracts to operate the Avalon water utility, sewer utility and storm water systems and the Sunoco Eagle Point Biological Wastewater Treatment Facility, both of which commenced in 2012;
- USA-PA's revenues increased $0.6 million, primarily from scheduled increases in the fixed fees paid under contract with Perth Amboy;
- Revenues in Southern Shores, TESI and Twin Lakes collectively increased $0.3 million, primarily due to rate increases that went into effect in 2012; and
- Revenues from all other subsidiaries decreased $0.1 million.

Operation and Maintenance Expense

Operation and maintenance expenses for the year ended December 31, 2012 increased $3.8 million from the same period in 2011. This increase was related to the following factors:

- Employee benefit expenses increased $2.6 million due to changes in certain postretirement benefit plan actuarial assumptions, including a lower discount rate and revised plan participant mortality factors, as well as a lower actual return on assets held in our retirement plan funds;
- Labor costs increased $0.6 million due to higher average labor rates, additional personnel hired for USA's new contract operations serving Avalon and the Sunoco Eagle Point Biological Wastewater Treatment Facility and lower capitalized payroll. These increases were partially offset by a reduction of employee positions in our Delaware workforce and less overtime expended on emergency repairs;
- Expenditures for start-up activities and billable additional services under USA's new contract operations serving Avalon and the Sunoco Eagle Point Biological Wastewater Treatment Facility resulted in a $0.5 million increase; and
- Operation and maintenance expenses for all other categories increased $0.1 million.

Depreciation

Depreciation expense for the year ended December 31, 2012 increased $0.7 million from the same period in 2011 due to a higher level of utility plant in service.

Other Taxes

Other taxes for the year ended December 31, 2012 increased $0.4 million from the same period in 2011, primarily due to increased revenue related taxes on higher revenues in our Middlesex system.

Other Income, net

Other Income, net for the year ended December 31, 2012 decreased $1.3 million from the same period in 2011, primarily due to a gain of $0.7 million recognized in the third quarter of 2011 resulting from the sale of USA's LineCare contracts to HomeServe and lower Allowance for Funds Used During Construction, resulting from lower average construction work in progress balances.

Interest Charges

Interest charges for the year ended December 31, 2012 increased $0.3 million from the same period in 2011, primarily due to higher average short and long term debt outstanding in 2012 as compared to 2011.

Income Taxes

Income taxes for the year ended December 31, 2012 increased $0.9 million from the same period in 2011, due to increased operating income in 2012 as compared to 2011.

Net Income and Earnings Per Share

Net income for the year ended December 31, 2012 increased $0.9 million from the same period in 2011. Basic and diluted earnings per share increased to $0.90 for the year ended December 31, 2012 as compared to $0.85 and $0.84, respectively for the year ended December 31, 2011.

Results of Operations in 2011 Compared to 2010

	(Millions of Dollars) Years ended December 31,					
	2011			2010		
	Regulated	Non-Regulated	Total	Regulated	Non-Regulated	Total
Revenues	$91.5	$10.6	$102.1	$92.0	$10.7	$102.7
Operations and maintenance	47.8	8.8	56.6	47.0	8.5	55.5
Depreciation	9.7	0.1	9.8	9.1	0.1	9.2
Other taxes	11.2	0.3	11.5	11.1	0.3	11.4
Operating income	$22.8	$1.4	$24.2	$24.8	$1.8	$26.6
Other income, net	1.2	0.9	2.1	1.1	0.3	1.4
Interest expense	6.3	0.1	6.4	6.8	0.1	6.9
Income taxes	5.5	1.0	6.5	6.0	0.8	6.8
Net income	$12.2	$1.2	$13.4	$13.1	$1.2	$14.3

Operating Revenues

Operating revenues for the year ended December 31, 2011 decreased $0.6 million from the same period in 2010. This decrease was primarily related to the following factors:

- Middlesex System revenues decreased $0.3 million, primarily due to the following:
  - Lower consumption by our residential and contract customers resulting from cooler temperatures and higher precipitation during the summer of 2011 as compared to 2010;
  - Decreased contract sales due to the ending of a temporary contract to supply water to the City of Perth Amboy in 2010; offset by
  - Increased sales to industrial customers;
- Tidewater System revenues decreased $0.4 million, primarily due to the following:
  - Lower consumption attributable to similar unfavorable weather patterns experienced in the Middlesex System in 2011 as compared to 2010;
  - Lower connection fees resulting from a depressed housing market; offset by
  - Increased fixed service charges for new customers;
- White Marsh's revenues decreased $0.2 million primarily due to the expiration of a wastewater operations contract in August 2011;

- With the transfer of USA's LineCare contracts to HomeServe, USA's revenues decreased $0.2 million. USA now earns a service fee for the billing, cash collection and other administrative matters associated with HomeServe's service contracts;
- Scheduled increases in the fixed fees paid under contract with Perth Amboy increased USA-PA's revenues by $0.4 million; and
- Southern Shores revenues increased $0.1 million due to the implementation of a June 2011 rate increase.

Operation and Maintenance Expense

Operation and maintenance expenses for the year ended December 31, 2011 increased $1.1 million from the same period in 2010. This increase was primarily related to the following factors:

- Labor costs increased $0.3 million due to annual wage increases and lower capitalized labor;
- Employee healthcare costs and postretirement benefit plan expenses increased $1.1 million;
- Increased net costs of $0.3 million from the implementation of a company wide information technology platform;
- Scheduled increases in subcontractor charges of $0.3 million at our USA-PA subsidiary;
- Increased transportation charges of $0.1 million due to higher average gasoline prices;
- Unfavorable weather resulted in lower consumption which decreased production costs by $0.5 million;
- Decreased water main break costs of $0.6 million, as we experienced less severe, and a lower number of, main breaks in 2011 as compared to 2010; and
- All other operating and maintenance expense categories increased $0.1 million.

Depreciation

Depreciation expense for the year ended December 31, 2011 increased $0.6 million from the same period in 2010 due to a higher level of utility plant in service.

Other Taxes

Other taxes for the year ended December 31, 2011 increased $0.1 million from the same period in 2010, primarily due to increased real estate taxes and higher payroll taxes on increased employee wages.

Other Income, net

Other Income, net for the year ended December 31, 2011 increased $0.7 million from the same period in 2010, primarily due to:

- A gain of $0.7 million as a result of the sale of USA's LineCare contracts to HomeServe;
- Allowance for Funds Used During Construction was lower in 2011 compared to 2010 ($0.2 million) due to lower average construction work in progress balances; and
- All additional Other Income increased $0.2 million.

Interest Charges

Interest charges for the year ended December 31, 2011 decreased $0.5 million from the same period in 2010, primarily due to the following:

- Lower average short term debt outstanding and lower average interest rates in 2011 as compared to 2010; and
- Lower average interest rates on long term debt outstanding in 2011 as compared to 2010.

Income Taxes

Income taxes for the year ended December 31, 2011 decreased $0.3 million from the same period in 2010, primarily due to lower pre-tax income.

Net Income and Earnings Per Share

Net income for the year ended December 31, 2011 decreased $0.9 million from the same period in 2010. Basic and diluted earnings per share decreased to $0.85 and $0.84, respectively, for the year ended December 31, 2011 as compared to $0.96 for the year ended December 31, 2010. In addition to the effect of the decrease in net income, earnings per share also decreased from a higher number of average shares outstanding in 2011 due to the Company's public offering of 1.9 million shares of common stock in June 2010.

Liquidity and Capital Resources

Cash flows from operations are largely based on four factors: weather, adequate and timely rate increases, effective cost management and customer growth. The effect of those factors on net income is discussed in the Results of Operations section above.

For the year ended December 31, 2012, cash flows from operating activities increased $6.7 million to $29.6 million. Increased earnings, lower receivables and timing of certain income tax payments were the primary reasons for the increase in cash flow. The $29.6 million of net cash flow from operations enabled us to fund 100% of our utility plant expenditures internally for the period.

For the year ended December 31, 2011, cash flows from operating activities decreased $2.7 million to $22.8 million. As described more fully in the Results of Operations section above, decreased earnings was the primary reason for the decrease in cash flow. The $22.8 million of net cash flow from operations enabled us to fund approximately 97% of our utility plant expenditures internally for the period.

Increases in certain operating costs impact our liquidity and capital resources. Pinelands Water and Pinelands Wastewater both filed for rate increases during the third quarter of 2012. Both Middlesex and Tidewater anticipate filing for a rate increase in 2013. There can be no assurances however, that the respective Utility Commissions will approve the pending or anticipated rate increase requests in whole or in part or when the decisions will be rendered. We continually monitor the need for timely rate filing to minimize the lag between the time we experience increased operating and capital costs and the time we receive appropriate rate relief.

Capital Expenditures and Commitments

To fund our capital program, we use internally generated funds, short term and long term debt borrowings and, when market conditions are favorable, proceeds from sales of common stock under our dividend reinvestment program (DRP) and offerings to the public.

The table below summarizes our estimated capital expenditures for the years 2013-2015.

	(Millions)			
	2013	2014	2015	2013-2015
Distribution System	14.3	11.7	14.7	$ 40.7
Production System	5.5	8.8	11.7	26.0
Computer Systems	1.7	0.8	1.0	3.5
Other	1.2	0.8	0.8	2.8
Total Estimated Capital Expenditures	$ 22.7	$ 22.1	$ 28.2	$ 73.0

Our estimated capital expenditures for the items listed above are primarily comprised of the following:

- **Distribution System**-Projects associated with installation and relocation of water mains and service lines, construction of water storage tanks, installation and replacement of hydrants and meters and our RENEW Program, which is our initiative to clean and cement all unlined mains in the Middlesex System. In connection with our RENEW Program, we expect to annually spend $4.0 million in 2013, 2014 and 2015.
- **Production System**-Projects associated with our water production and water treatment plants.
- **Computer Systems**-Purchase of hardware and software.

- **Other**-Purchase of vehicles and other transportation equipment, tools, furniture, laboratory equipment, security requirements and other general infrastructure needs.

The actual amount and timing of capital expenditures is dependent on customer growth, residential new home construction and sales and project scheduling.

To pay for our capital program in 2013, we plan on utilizing:

- Internally generated funds;
- Proceeds from the sale of common stock through the DRP;
- Funds available and held in trust under existing New Jersey State Revolving Fund (SRF) loans (currently, $1.5 million) and Delaware SRF loans (currently, $0.7 million) and, once the loan transaction is complete, proceeds from the 2013 New Jersey SRF program. SRF programs provide low cost financing for projects that meet certain water quality and system improvement benchmarks;
- Short-term borrowings, if necessary, through $60.0 million of available lines of credit with several financial institutions. As of December 31, 2012, we had $28.0 million outstanding against the lines of credit.

Sources of Liquidity

Short-term Debt. The Company had established lines of credit aggregating $60.0 million throughout 2012. At December 31, 2012, the outstanding borrowings under these credit lines were $28.0 million at a weighted average interest rate of 1.40%.

The weighted average daily amounts of borrowings outstanding under the Company's credit lines and the weighted average interest rates on those amounts were $25.5 million and $20.7 million at 1.43% and 1.44% for the years ended December 31, 2012 and 2011, respectively.

Long-term Debt. Subject to regulatory approval, the Company periodically finances capital projects under SRF loan programs in New Jersey and Delaware. These government programs provide financing at interest rates that are typically below rates available in the broader financial markets. A portion of the borrowings under the New Jersey SRF is interest-free. We participated in the New Jersey SRF loan program during 2012 and expect to participate in the 2013 New Jersey SRF program for up $4.0 million, with an expected closing date in May 2013.

In November 2012, Middlesex completed the transaction for the redemption and refinance of $57.5 million of First Mortgage Bonds (Bonds). The Bonds were originally issued in five separate transactions or series under the loan program of the New Jersey Economic Development Authority (NJEDA) and were replaced with three new series of Bonds designated as Series QQ, RR and SS totaling $55.4 million issued through the NJEDA, net of a $2.2 million issuance premium. The restricted proceeds of the new Bonds were used to redeem $51.5 million of the original Bonds in December 2012 and $6.0 million of the original Bonds in January 2013. The NJEDA does not guarantee the debt. The tax-exempt nature of the interest paid to bondholders remains in place. The transaction was designed to extend the maturity date and reduce the interest cost for the underlying debt. Annual debt service expenses are expected to decline by approximately $0.9 million.

In May 2012, Middlesex borrowed $3.9 million through the New Jersey Environmental Infrastructure Trust under the New Jersey SRF loan program and issued Bonds designated as Series OO ($3.0 million) and Series PP ($0.9 million). The interest rate on the Series OO Bonds is zero and the interest rate on the Series PP Bonds ranges from 2.0% to 5.0% depending on the serial maturity date. The final maturity date for the Bonds is August 1, 2031. Proceeds may only be used for the Middlesex 2012 RENEW Program.

In December 2010, Middlesex issued $4.0 million of first mortgage bonds through the New Jersey Environmental Infrastructure Trust under the New Jersey SRF program. The Company closed on the first mortgage bonds designated as Series MM and NN in December 2010. Proceeds may only be used for the Middlesex 2011 RENEW Program.

In March 2011, Tidewater closed on a $2.8 million loan with the Delaware SRF program which allows, but does not obligate, Tidewater to draw against a General Obligation Note for a specific project. The interest rate on any draw will be set at 3.75% with a final maturity of July 1, 2031 on the amount actually borrowed. As of December 31, 2012, Tidewater has borrowed $2.7 million against this loan and does not anticipate any future borrowings under this loan.

In March 2011, Southern Shores closed on a $1.6 million loan with the Delaware SRF program, which allows, but does not obligate, Southern Shores to draw against a General Obligation Note for a specific project. The interest rate on any draw will be set at 3.75% with a final maturity of November 30, 2030 on the amount actually borrowed. As of December 31, 2012, Southern Shores has borrowed $1.4 million against this loan and does not anticipate any future borrowings under this loan.

Substantially all of the Utility Plant of the Company is subject to the lien of its mortgage, which includes debt service and capital ratio covenants. The Company is in compliance with all of its mortgage covenants and restrictions.

Common Stock. In June 2010, the Company sold and issued 1.9 million shares of common stock in a public offering that was priced at $15.21 per share. The net proceeds of approximately $27.8 million were used to repay certain of the Company's short-term debt outstanding.

The Company periodically issues shares of common stock in connection with its DRP. The Company raised $1.6 million through the issuance of 0.1 million shares under the DRP during 2012.

Contractual Obligations

In the course of normal business activities, the Company enters into a variety of contractual obligations and commercial commitments. Some of these items result in direct obligations on the Company's balance sheet while others are commitments, some firm and some based on uncertainties, which are disclosed in the Company's other underlying consolidated financial statements.

The table below presents our known contractual obligations for the periods specified as of December 31, 2012.

	Payment Due by Period (Millions of Dollars)				
	Total	Less than 1 Year	2-3 Years	4-5 Years	More than 5 Years
Long-term Debt*	$ 140.4	$ 11.1	$ 10.5	$ 10.9	$ 107.9
Notes Payable	28.0	28.0	-	-	-
Interest on Long-term Debt	90.3	5.4	10.9	10.0	64.0
Purchased Water Contracts	36.2	5.4	10.9	5.4	14.5
Wastewater Operations	31.9	5.0	10.4	11.0	5.5
Total	$ 326.8	$ 54.9	$ 42.7	$ 37.3	$ 191.9

*Does not include Premium on Long-term Debt

The table above does not reflect any anticipated cash payments for postretirement benefit plan obligations. The effect on the timing and amount of these payments resulting from potential changes in actuarial assumptions and returns on plan assets cannot be estimated. In 2012, the Company contributed $7.6 million to its postretirement benefit plans and expects to contribute a similar amount in 2013.

Critical Accounting Policies and Estimates

The application of accounting policies and standards often requires the use of estimates, assumptions and judgments. The Company regularly evaluates these estimates, assumptions and judgments, including those related to the calculation of pension and postretirement benefits, unbilled revenues, and the recoverability of certain assets, including regulatory assets. The Company bases its estimates, assumptions and judgments on historical experience and current operating environment. Changes in any of the variables that are used for the Company's estimates, assumptions and judgments may lead to significantly different financial statement results.

Our critical accounting policies are set forth below.

Regulatory Accounting

We maintain our books and records in accordance with accounting principles generally accepted in the United States of America. Middlesex and certain of its subsidiaries, which account for approximately 89% of Operating Revenues and 98% of Total Assets, are subject to regulation in the states in which they operate. Those companies are required to maintain their accounts in accordance with regulatory authorities' rules and guidelines, which may differ from other authoritative accounting pronouncements. In those instances, the Company follows the guidance in the Financial Accounting Standards Board Accounting Standards Codification Topic 980 *Regulated Operations* (Regulatory Accounting).

In accordance with Regulatory Accounting, costs and obligations are deferred if it is probable that these items will be recognized for rate-making purposes in future rates. Accordingly, we have recorded costs and obligations, which will be amortized over various future periods. Any change in the assessment of the probability of rate-making treatment will require us to change the accounting treatment of the deferred item. We have no reason to believe any of the deferred items that are recorded will be treated differently by the regulators in the future.

Revenues

Revenues from metered customers include amounts billed on a cycle basis and unbilled amounts estimated from the last meter reading date to the end of the accounting period. The estimated unbilled amounts are determined by utilizing factors which may include historical consumption usage, current weather patterns and economic conditions. Differences between estimated revenues and actual billings are recorded in a subsequent period.

Revenues from unmetered customers are billed at a fixed tariff rate in advance at the beginning of each service period and are recognized in revenue ratably over the service period.

Revenues from the Perth Amboy management contract are comprised of fixed and variable fees. Fixed fees, which have been set for the life of the contract, are billed monthly and recorded as earned. Variable fees, which are based on billings and other factors, are recorded upon approval of the amount by Perth Amboy. The variable fees are not a material component of the management contract.

Postretirement Benefit Plans

The costs for providing postretirement benefits are dependent upon numerous factors, including actual plan experience and assumptions of future experience. Future postretirement benefit plan obligations and expense will depend on future investment performance, changes in future discount rates and various other demographic factors related to the population participating in the Company's postretirement benefit plans, all of which can change significantly in future years.

We maintain a noncontributory defined benefit pension plan (Pension Plan) which covers all currently active employees who were hired prior to March 31, 2007. In addition, the Company maintains an unfunded supplemental plan for its executive officers.

The Company has a postretirement benefit plan other than pensions (Other Benefits Plan) for substantially all of its retired employees. Employees hired after March 31, 2007 are not eligible to participate in the Other Benefits Plan. Coverage includes healthcare and life insurance.

The allocation by asset category of postretirement benefit plan assets at December 31, 2012 and 2011 is as follows:

	Pension Plan		Other Benefits Plan			
Asset Category	**2012**	**2011**	**2012**	**2011**	**Target**	**Range**
Equity Securities	60.9%	61.6%	40.3%	37.0%	60%	30-65%
Debt Securities	32.9%	31.3%	53.0%	57.8%	38%	25-70%
Cash	6.0%	6.9%	5.9%	4.6%	2%	0-10%
Commodities	0.2%	0.2%	0.8%	0.6%	0%	0%
Total	100.0%	100.0%	100.0%	100.0%		

The discount rate, compensation increase rate and long-term rate of return utilized for determining our postretirement benefit plans' future obligations as of December 31, 2012 are as follows:

	Pension Plan	Other Benefits Plan
Discount Rate	3.99%	3.99%
Compensation Increase	3.00%	3.00%
Long-term Rate of Return	7.50%	7.50%

For the 2012 valuation, costs and obligations for our Other Benefits Plan assumed a 9.0% annual rate of increase in the per capita cost of covered healthcare benefits in 2013 with a decline of 1.0% per year for 2014-2016 and 0.5% per year for 2017-2018, resulting in an annual rate of increase in the per capita cost of covered healthcare benefits of 5% by year 2018.

The following is a sensitivity analysis for certain actuarial assumptions used in determining projected benefit obligations (PBO) and expenses for our postretirement benefit plans:

Pension Plan

Actuarial Assumptions	Estimated Increase/ (Decrease) on PBO (000s)	Estimated Increase/ (Decrease) on Expense (000s)
Discount Rate 1% Increase	$ (9,140)	$ (864)
Discount Rate 1% Decrease	11,662	1,059

Other Benefits Plan

Actuarial Assumptions	Estimated Increase/ (Decrease) on PBO (000s)	Estimated Increase/ (Decrease) on Expense (000s)
Discount Rate 1% Increase	$ (8,389)	$ (869)
Discount Rate 1% Decrease	10,997	1,103
Healthcare Cost Trend Rate 1% Increase	9,560	1,450
Healthcare Cost Trend Rate 1% Decrease	(7,477)	(1,120)

The discount rates used at our December 31 measurement date for determining future postretirement benefit plans' obligations and costs are determined based on market rates for long-term, high-quality corporate bonds specific to our Pension Plan and Other Benefits Plan's asset allocation. The expected long-term rate of return for Pension Plan and Other Benefits Plan assets is determined based on historical returns and our asset allocation.

Recent Accounting Standards

See Note 1(q) of the Notes to Consolidated Financial Statements for a discussion of recent accounting pronouncements.

ITEM 7A. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK.

We are exposed to market risk associated with changes in interest rates and commodity prices. The Company is subject to the risk of fluctuating interest rates in the normal course of business. Our policy is to manage interest rates through the use of fixed rate long-term debt and, to a lesser extent, short-term debt. The Company's interest rate risk related to existing fixed rate, long-term debt is not material due to the term of the majority of our First Mortgage Bonds, which have final maturity dates ranging from 2018 to 2047. Over the next twelve months, approximately $11.1 million of the current portion of 37 existing long-term debt instruments will mature. Applying a hypothetical change in the rate of interest charged by 10% on those borrowings, would not have a material effect on our earnings.

Our risks associated with commodity price increases for chemicals, electricity and other commodities are reduced through contractual arrangements and the ability to recover price increases through rates. Non-performance by these commodity suppliers could have a material adverse impact on our results of operations, financial position and cash flows.

We are exposed to credit risk through for both our Regulated and Non-Regulated business segments. Our Regulated operations serve residential, commercial, industrial and municipal customers while our Non-Regulated operations engage in business activities with developers, government entities and other customers. Our primary credit risk is exposure to customer default on contractual obligations and the associated loss that may be incurred due to the non-payment of customer accounts receivable balances. Our credit risk is managed through established credit and collection policies which are in compliance with applicable regulatory requirements and involve monitoring of customer exposure and the use of credit risk mitigation measures such as letters of credit or prepayment arrangements. Our credit portfolio is diversified with no significant customer or industry concentrations. In addition, our Regulated businesses are generally able to recover all prudently incurred costs including uncollectible customer accounts receivable expenses and collection costs through rates.

The Company's postretirement benefit plan assets are exposed to the market prices of debt and equity securities. Changes to the Company's postretirement benefit plan assets' value can impact the Company's postretirement benefit plan expense, funded status and future minimum funding requirements. Our risk is reduced through our ability to recover postretirement benefit plan costs through rates.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Middlesex Water Company

We have audited the accompanying consolidated balance sheets and consolidated statements of capital stock and long-term debt of Middlesex Water Company (the "Company") as of December 31, 2012 and 2011, and the related consolidated statements of income, common stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Middlesex Water Company as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Middlesex Water Company's internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 7, 2013 expressed an unqualified opinion.

/s/ ParenteBeard LLC

Reading, Pennsylvania

March 7, 2013

MIDDLESEX WATER COMPANY
CONSOLIDATED BALANCE SHEETS
(In thousands)

ASSETS		December 31, 2012	December 31, 2011
UTILITY PLANT:	Water Production	$ **129,840**	$ 127,827
	Transmission and Distribution	**343,074**	326,629
	General	**54,830**	47,519
	Construction Work in Progress	**7,834**	12,575
	TOTAL	**535,578**	514,550
	Less Accumulated Depreciation	**100,360**	92,351
	UTILITY PLANT - NET	**435,218**	422,199
CURRENT ASSETS:	Cash and Cash Equivalents	**3,025**	3,106
	Accounts Receivable, net	**12,447**	11,280
	Unbilled Revenues	**5,483**	4,842
	Materials and Supplies (at average cost)	**1,403**	2,023
	Prepayments	**2,255**	1,622
	TOTAL CURRENT ASSETS	**24,613**	22,873
DEFERRED CHARGES AND OTHER ASSETS:	Unamortized Debt Expense	**3,606**	2,611
	Preliminary Survey and Investigation Charges	**5,117**	5,179
	Regulatory Assets	**72,831**	67,302
	Operations Contracts, Developer and Other Receivables	**1,692**	5,300
	Restricted Cash	**9,019**	3,260
	Non-utility Assets - Net	**9,182**	8,182
	Other	**448**	630
	TOTAL DEFERRED CHARGES AND OTHER ASSETS	**101,895**	92,464
	TOTAL ASSETS	$ **561,726**	$ 537,536

CAPITALIZATION AND LIABILITIES

CAPITALIZATION:	Common Stock, No Par Value	$ **143,572**	$ 141,432
	Retained Earnings	**38,060**	35,549
	TOTAL COMMON EQUITY	**181,632**	176,981
	Preferred Stock	**3,353**	3,353
	Long-term Debt	**131,467**	132,167
	TOTAL CAPITALIZATION	**316,452**	312,501
CURRENT LIABILITIES:	Current Portion of Long-term Debt	**11,130**	4,569
	Notes Payable	**27,950**	24,250
	Accounts Payable	**3,808**	5,706
	Accrued Taxes	**9,266**	7,847
	Accrued Interest	**955**	1,628
	Unearned Revenues and Advanced Service Fees	**756**	734
	Other	**2,067**	1,953
	TOTAL CURRENT LIABILITIES	**55,932**	46,687
COMMITMENTS AND CONTINGENT LIABILITIES (Note 4)			
DEFERRED CREDITS AND OTHER LIABILITIES:	Customer Advances for Construction	**21,990**	21,944
	Accumulated Deferred Investment Tax Credits	**1,068**	1,146
	Accumulated Deferred Income Taxes	**41,776**	37,022
	Employee Benefit Plans	**54,768**	51,006
	Regulatory Liability - Cost of Utility Plant Removal	**8,811**	8,029
	Other	**973**	995
	TOTAL DEFERRED CREDITS AND OTHER LIABILITIES	**129,386**	120,142
CONTRIBUTIONS IN AID OF CONSTRUCTION		**59,956**	58,206
	TOTAL CAPITALIZATION AND LIABILITIES	$ **561,726**	$ 537,536

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(In thousands except per share amounts)

	Years Ended December 31, 2012	2011	2010
Operating Revenues	**$ 110,379**	$ 102,069	$ 102,735
Operating Expenses:			
Operations and Maintenance	**60,458**	56,634	55,481
Depreciation	**10,409**	9,746	9,244
Other Taxes	**11,865**	11,488	11,413
Total Operating Expenses	**82,732**	77,868	76,138
Operating Income	**27,647**	24,201	26,597
Other Income (Expense):			
Allowance for Funds Used During Construction	**484**	821	970
Other Income	**517**	1,523	912
Other Expense	**(144)**	(195)	(438)
Total Other Income, net	**857**	2,149	1,444
Interest Charges	**6,725**	6,376	6,925
Income before Income Taxes	**21,779**	19,974	21,116
Income Taxes	**7,383**	6,527	6,786
Net Income	**14,396**	13,447	14,330
Preferred Stock Dividend Requirements	**206**	206	207
Earnings Applicable to Common Stock	**$ 14,190**	$ 13,241	$ 14,123
Earnings per share of Common Stock:			
Basic	**$ 0.90**	$ 0.85	$ 0.96
Diluted	**$ 0.90**	$ 0.84	$ 0.96
Average Number of Common Shares Outstanding :			
Basic	**15,733**	15,615	14,654
Diluted	**15,995**	15,877	14,916
Cash Dividends Paid per Common Share	**$ 0.743**	$ 0.733	$ 0.723

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Years Ended December 31, 2012	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	$ **14,396**	$ 13,447	$ 14,330
Adjustments to Reconcile Net Income to			
Net Cash Provided by Operating Activities:			
Depreciation and Amortization	**11,232**	10,432	9,958
Provision for Deferred Income Taxes and ITC	**3,959**	2,098	630
Equity Portion of AFUDC	**(309)**	(523)	(611)
Cash Surrender Value of Life Insurance	**(151)**	(92)	104
Stock Compensation Expense	**553**	394	323
Changes in Assets and Liabilities:			
Accounts Receivable	**2,441**	(28)	(2,222)
Unbilled Revenues	**(641)**	(90)	(328)
Materials & Supplies	**620**	173	(578)
Prepayments	**(633)**	(221)	(292)
Accounts Payable	**(1,898)**	(697)	2,055
Accrued Taxes	**1,419**	(905)	3,066
Accrued Interest	**(673)**	30	(263)
Employee Benefit Plans	**270**	(1,591)	(1,904)
Unearned Revenue & Advanced Service Fees	**22**	(130)	3
Other Assets and Liabilities	**(1,035)**	539	1,294
NET CASH PROVIDED BY OPERATING ACTIVITIES	**29,572**	22,836	25,565
CASH FLOWS FROM INVESTING ACTIVITIES:			
Utility Plant Expenditures, Including AFUDC of $175 in 2012, $299 in 2011 and $359 in 2010	**(21,578)**	(23,562)	(29,604)
Restricted Cash	**464**	3,796	(1,790)
Investment in Joint Venture	**(1,200)**	(300)	-
NET CASH USED IN INVESTING ACTIVITIES	**(22,314)**	(20,066)	(31,394)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Redemption of Long-term Debt	**(56,725)**	(4,427)	(4,314)
Proceeds from Issuance of Long-term Debt	**60,350**	3,447	13,970
Net Short-term Bank Borrowings	**3,700**	7,250	(25,850)
Deferred Debt Issuance Expense	**(1,160)**	(37)	(25)
Premium on Long-term Debt	**2,236**		
Restricted Cash	**(6,223)**	-	-
Common Stock Issuance Expense	-	-	(133)
Repurchase of Preferred Stock	-	(9)	(11)
Proceeds from Issuance of Common Stock	**1,587**	1,504	29,845
Payment of Common Dividends	**(11,679)**	(11,437)	(10,510)
Payment of Preferred Dividends	**(206)**	(206)	(207)
Construction Advances and Contributions-Net	**781**	1,798	1,239
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	**(7,339)**	(2,117)	4,004
NET CHANGES IN CASH AND CASH EQUIVALENTS	**(81)**	653	(1,825)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**3,106**	2,453	4,278
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ **3,025**	$ 3,106	$ 2,453
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY:			
Utility Plant received as Construction Advances and Contributions	$ **1,015**	$ **7,393**	$ 2,043
Long-term Debt Deobligation	$ **255**	$ **560**	$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:			
Cash Paid During the Year for:			
Interest	$ **7,537**	$ 6,336	$ 7,155
Interest Capitalized	$ **175**	$ 299	$ 359
Income Taxes	$ **2,349**	$ 4,733	$ 4,617

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF CAPITAL STOCK AND LONG-TERM DEBT
(In thousands)

	December 31, 2012	December 31, 2011
Common Stock, No Par Value		
Shares Authorized - 40,000		
Shares Outstanding - 2012 - 15,795	$ 143,572	$ 141,432
2011 - 15,682		
Retained Earnings	38,060	35,549
TOTAL COMMON EQUITY	$ 181,632	$ 176,981
Cumulative Preferred Stock, No Par Value:		
Shares Authorized - 134		
Shares Outstanding - 32		
Convertible:		
Shares Outstanding, $7.00 Series - 14	1,457	1,457
Shares Outstanding, $8.00 Series - 7	816	816
Nonredeemable:		
Shares Outstanding, $7.00 Series - 1	80	80
Shares Outstanding, $4.75 Series - 10	1,000	1,000
TOTAL PREFERRED STOCK	$ 3,353	$ 3,353
Long-term Debt:		
8.05%, Amortizing Secured Note, due December 20, 2021	$ 2,169	$ 2,319
6.25%, Amortizing Secured Note, due May 19, 2028	6,475	6,895
6.44%, Amortizing Secured Note, due August 25, 2030	4,947	5,227
6.46%, Amortizing Secured Note, due September 19, 2031	5,227	5,507
4.22%, State Revolving Trust Note, due December 31, 2022	506	546
3.30% to 3.60%, State Revolving Trust Note, due May 1, 2025	3,413	3,623
3.49%, State Revolving Trust Note, due January 25, 2027	602	633
4.03%, State Revolving Trust Note, due December 1, 2026	784	825
4.00% to 5.00%, State Revolving Trust Bond, due August 1, 2021	388	434
0.00%, State Revolving Fund Bond, due August 1, 2021	320	359
3.64%, State Revolving Trust Note, due July 1, 2028	347	364
3.64%, State Revolving Trust Note, due January 1, 2028	116	122
3.45%, State Revolving Trust Note, due August 1, 2031	397	39
6.59%, Amortizing Secured Note, due April 20, 2029	5,697	6,046
7.05%, Amortizing Secured Note, due January 20, 2030	4,271	4,521
5.69%, Amortizing Secured Note, due January 20, 2030	8,761	9,273
3.75%, State Revolving Trust Note, due July 1, 2031	2,615	2,021
3.75%, State Revolving Trust Note, due November 30, 2030	1,388	1,404
First Mortgage Bonds:		
5.20%, Series S, due October 1, 2022	-	12,000
5.25%, Series T, due October 1, 2023	-	6,500
5.25%, Series V, due February 1, 2029	-	10,000
5.35%, Series W, due February 1, 2038	-	23,000
0.00%, Series X, due September 1, 2018	322	375
4.25% to 4.63%, Series Y, due September 1, 2018	355	410
0.00%, Series Z, due September 1, 2019	782	894
5.25% to 5.75%, Series AA, due September 1, 2019	955	1,080
0.00%, Series BB, due September 1, 2021	1,085	1,206
4.00% to 5.00%, Series CC, due September 1, 2021	1,275	1,400
5.10%, Series DD, due January 1, 2032	6,000	6,000
0.00%, Series EE, due August 1, 2023	4,386	4,804
3.00% to 5.50%, Series FF, due August 1, 2024	5,755	6,160
0.00%, Series GG, due August 1, 2026	1,262	1,352
4.00% to 5.00%, Series HH, due August 1, 2026	1,560	1,640
0.00%, Series II, due August 1, 2024	1,060	1,150
3.40% to 5.00%, Series JJ, due August 1, 2027	1,235	1,560
0.00%, Series KK, due August 1, 2028	1,435	1,526
5.00% to 5.50%, Series LL, due August 1, 2028	1,570	1,635
0.00%, Series MM, due August 1, 2030	1,801	1,901
3.00% to 4.375%, Series NN, due August 1, 2030	1,910	1,985
0.00%, Series OO, due August 1, 2031	2,860	-
2.00% to 5.00%, Series PP, due August 1, 2031	915	-
5.00%, Series QQ, due October 1, 2023	9,915	-
3.80%, Series RR, due October 1, 2038	22,500	-
4.25%, Series SS, due October 1, 2047	23,000	-
SUBTOTAL LONG-TERM DEBT	140,361	136,736
Add: Premium on Long Term Debt	2,236	-
Less: Current Portion of Long-term Debt	(11,130)	(4,569)
TOTAL LONG-TERM DEBT	$ 131,467	$ 132,167

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDERS' EQUITY
(In thousands)

	Common Stock Shares		Common Stock Amount		Retained Earnings		Total
Balance at January 1, 2010	13,519	$	109,366	$	30,265	$	139,631
Net Income					14,330		14,330
Dividend Reinvestment & Common Stock Purchase Plan	116		1,917				1,917
Restricted Stock Award, Net - Employees	14		299				299
Stock Award - Board Of Directors	2		24				24
Issuance of Common Stock	1,915		27,928				27,928
Cash Dividends on Common Stock					(10,510)		(10,510)
Cash Dividends on Preferred Stock					(207)		(207)
Common Stock Expenses					(133)		(133)
Balance at December 31, 2010	15,566	$	139,534	$	33,745	$	173,279
Net Income					13,447		13,447
Dividend Reinvestment & Common Stock Purchase Plan	82		1,504				1,504
Restricted Stock Award, Net - Employees	30		323				323
Stock Award - Board Of Directors	4		71				71
Cash Dividends on Common Stock					(11,437)		(11,437)
Cash Dividends on Preferred Stock					(206)		(206)
Balance at December 31, 2011	15,682	$	141,432	$	35,549	$	176,981
Net Income					14,396		14,396
Dividend Reinvestment & Common Stock Purchase Plan	86		1,587				1,587
Restricted Stock Award, Net - Employees	21		448				448
Stock Award - Board Of Directors	6		105				105
Cash Dividends on Common Stock					(11,679)		(11,679)
Cash Dividends on Preferred Stock					(206)		(206)
Balance at December 31, 2012	15,795		143,572		38,060		181,632

See Notes to Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Organization, Summary of Significant Accounting Policies and Recent Developments

(a) Organization - Middlesex Water Company (Middlesex) is the parent company and sole shareholder of Tidewater Utilities, Inc. (Tidewater), Tidewater Environmental Services, Inc. (TESI), Pinelands Water Company (Pinelands Water) and Pinelands Wastewater Company (Pinelands Wastewater) (collectively, Pinelands), Utility Service Affiliates, Inc. (USA), Utility Service Affiliates (Perth Amboy) Inc. (USA-PA) and Twin Lakes Utilities, Inc. (Twin Lakes). Southern Shores Water Company, LLC (Southern Shores) and White Marsh Environmental Systems, Inc. (White Marsh) are wholly-owned subsidiaries of Tidewater.

Middlesex Water Company has operated as a water utility in New Jersey since 1897, in Delaware, through our wholly-owned subsidiary, Tidewater, since 1992 and in Pennsylvania, through our wholly-owned subsidiary, Twin Lakes, since 2009. We are in the business of collecting, treating, distributing and selling water for domestic, commercial, municipal, industrial and fire protection purposes. We also operate New Jersey municipal water, wastewater and storm water systems under contract and provide wastewater services in New Jersey and Delaware through our subsidiaries. We also have an investment in a joint venture, Ridgewood Green RME, LLC, that is constructing, and will own and operate facilities, to optimize the production of electricity at the Village of Ridgewood, New Jersey wastewater treatment plant and other municipal facilities (full operation of the facilities is expected to begin in the second quarter of 2013). Our rates charged to customers for water and wastewater services, the quality of services we provide and certain other matters are regulated in New Jersey, Delaware and Pennsylvania by the New Jersey Board of Public Utilities (NJBPU), Delaware Public Service Commission (DEPSC) and Pennsylvania Public Utilities Commission (PAPUC), respectively. Our USA, USA-PA and White Marsh subsidiaries are not regulated utilities.

Certain reclassifications have been made to the prior year financial statements to conform with current period presentation.

(b) Principles of Consolidation – The financial statements for Middlesex and its wholly-owned subsidiaries (the Company) are reported on a consolidated basis. All significant intercompany accounts and transactions have been eliminated. Other financial investments in which the Company holds a 50% or less voting interest and cannot exercise control over the operation and policies of the investments are accounted for under the equity method of accounting. Under the equity method of accounting, the Company records its investment interests in Non Utility Assets and its percentage share of the earnings or losses of the investees in Other Income (Expense).

(c) System of Accounts – Middlesex, Pinelands Water and Pinelands Wastewater maintain their accounts in accordance with the Uniform System of Accounts prescribed by the NJBPU. Tidewater, TESI and Southern Shores maintain their accounts in accordance with DEPSC requirements. Twin Lakes maintains its accounts in accordance with PAPUC requirements.

(d) Regulatory Accounting - We maintain our books and records in accordance with accounting principles generally accepted in the United States of America. Middlesex and certain of its subsidiaries, which account for 89% of Operating Revenues and 98% of Total Assets, are subject to regulation in the state in which they operate. Those companies are required to maintain their accounts in accordance with regulatory authorities' rules and guidelines, which may differ from other authoritative accounting pronouncements. In those instances, the Company follows the guidance provided in Accounting Standards Codification (ASC) 980, *Regulated Operations*.

In accordance with ASC 980, *Regulated Operations*, costs and obligations are deferred if it is probable that these items will be recognized for rate-making purposes in future rates. Accordingly, we have recorded costs and obligations, which will be amortized over various future periods. Any change in the assessment of the probability of rate-making treatment will require us to change the accounting treatment of the deferred item. We have no reason to believe any of the deferred items that are recorded will be treated differently by the regulators in the future. For additional information, see Note 2 – Rate and Regulatory Matters.

(e) Postretirement Benefit Plans - We maintain a noncontributory defined benefit pension plan (Pension Plan) which covers substantially all active employees who were hired prior to March 31, 2007. In addition, the Company maintains an unfunded supplemental plan for its executive officers. The Company has a postretirement benefit plan other than pensions (Other Benefits Plan) for substantially all of its retired employees. Employees hired after March 31, 2007 are not eligible to participate in this plan. Coverage includes healthcare and life insurance.

The Company's costs for providing postretirement benefits are dependent upon numerous factors, including actual plan experience and assumptions of future experience. Postretirement benefit plan obligations and expense are determined based on investment performance, discount rates and various other demographic factors related to the population participating in the Company's postretirement benefit plans, all of which can change significantly in future years. For more information on the Company's Postretirement Benefit Plans, see Note 7 – Employee Benefit Plans.

(f) Utility Plant – Utility Plant is stated at original cost as defined for regulatory purposes. Property accounts are charged with the cost of betterments and major replacements of property. Cost includes direct material, labor and indirect charges for pension benefits and payroll taxes. The cost of labor, materials, supervision and other expenses incurred in making repairs and minor replacements and in maintaining the properties is charged to the appropriate expense accounts. At December 31, 2012, there was no event or change in circumstance that would indicate that the carrying amount of any long-lived asset was not recoverable.

(g) Depreciation – Depreciation is computed by each regulated member of the Company utilizing a rate approved by the applicable regulatory authority. The Accumulated Provision for Depreciation is charged with the cost of property retired, less salvage. The following table sets forth the range of depreciation rates for the major utility plant categories used to calculate depreciation for the years ended December 31, 2012, 2011 and 2010. These rates have been approved by the NJBPU, DEPSC or PAPUC:

Source of Supply	1.15% - 3.44%	Transmission and Distribution (T&D):	
Pumping	2.87% - 5.39%	T&D – Mains	1.10% - 3.13%
Water Treatment	1.65% - 7.09%	T&D – Services	2.12% - 3.16%
General Plant	2.08% - 17.84%	T&D – Other	1.61% - 4.63%

Non-regulated fixed assets consist primarily of office buildings, furniture and fixtures, and transportation equipment. These assets are recorded at original cost and depreciation is calculated based on the estimated useful lives, ranging from 3 to 40 years.

(h) Preliminary Survey and Investigation (PS&I) Costs – In the design of water and wastewater systems that the Company ultimately intends to construct, own and operate certain expenditures are incurred to advance those project activities. These PS&I costs are recorded as deferred charges on the balance sheet because these costs are expected to be recovered through future rates charged to customers as the underlying projects are placed into service as utility plant. If it is subsequently determined that costs for a project recorded as PS&I are not recoverable through rates charged to our customers, the applicable PS&I costs are recorded as a charge to the income statement at that time.

(i) Customers' Advances for Construction (CAC) – Water utility plant and/or cash advances are contributed to the Company by customers, real estate developers and builders in order to extend water service to their properties. These contributions are recorded as CAC. Refunds on these advances are made by the Company in accordance with agreements with the contributing party and are based on either additional operating revenues related to the utility plant or as new customers are connected to and take service from the utility plant. After all refunds are made and/or contract terms have expired, any remaining balance is transferred to Contributions in Aid of Construction.

Contributions in Aid of Construction (CIAC) – CIAC include direct non-refundable contributions of water utility plant and/or cash and the portion of CAC that becomes non-refundable.

CAC and CIAC are not depreciated in accordance with regulatory requirements. In addition, these amounts reduce the investment base for purposes of setting rates.

(j) Allowance for Funds Used During Construction (AFUDC) - Middlesex and its regulated subsidiaries capitalize AFUDC, which represents the cost of financing projects during construction. AFUDC is added to the construction costs of individual projects exceeding specific cost and construction period thresholds established for each company and then depreciated along with the rest of the utility plant's costs over its estimated useful life. AFUDC is calculated using each company's weighted cost of debt and equity as approved in their most recent respective regulatory rate order. The AFUDC rates for the years ended December 31, 2012, 2011 and 2010 for Middlesex and Tidewater are as follows:

	2012	2011	2010
Middlesex	7.34%	7.54%	7.54%
Tidewater	7.91%	8.24%	8.24%

(k) Accounts Receivable – We record bad debt expense based on historical write-offs combined with an evaluation of current conditions. The allowance for doubtful accounts was $0.8 million and $0.6 million at December 31, 2012 and 2011, respectively. Bad debt expense for the years ended December 31, 2012, 2011 and 2010 was $0.7 million, $0.7 million, $0.6 million, respectively. Receivables not expected to be received in 2013 are included as non-current assets in Operations Contracts, Developer and Other Receivables.

(l) Revenues - General metered customer's bills for regulated water service are typically comprised of two components; a fixed service charge and a volumetric or consumption charge. Revenues from general metered service water customers, except Tidewater fixed service charges, include amounts billed in arrears on a cycle basis and unbilled amounts estimated from the last meter reading date to the end of the accounting period. The estimated unbilled amounts are determined by utilizing factors which include historical consumption usage and current climate and economic conditions. Actual billings may differ from our estimates. Tidewater customers are billed in advance for their fixed service charge and these revenues are recognized as the service is provided to the customer.

Southern Shores is an unmetered system. Customers are billed a fixed service charge in advance at the beginning of each month and revenues are recognized as earned.

Revenues from the City of Perth Amboy management contract are comprised of fixed and variable fees. Fixed fees, which have been set for the life of the contract, are billed monthly and recorded as earned. Variable fees, which are not significant, are recorded upon approval of the amount by the City of Perth Amboy.

(m) Deferred Charges and Other Assets - Unamortized Debt Expense is amortized over the lives of the related issues. Restricted Cash represents proceeds from loans entered into through state financing programs and is held in trusts. The proceeds are restricted for specific capital expenditures and debt service requirements.

(n) Income Taxes - Middlesex files a consolidated federal income tax return for the Company and income taxes are allocated based on the separate return method. Investment tax credits have been deferred and are amortized over the estimated useful life of the related property. For more information on income taxes, see Note 3 – Income Taxes.

(o) Statements of Cash Flows - For purposes of reporting cash flows, the Company considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents. Cash and cash equivalents represent bank balances and money market funds with investments maturing in less than 90 days.

(p) Use of Estimates - Conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements. Actual results could differ from those estimates.

(q) Recent Accounting Pronouncements

Fair Value Measurements and Disclosures – In May 2011, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) 2011-04, which amends ASC 820, *Fair Value Measurements and Disclosures* (ASC 820), to update guidance related to fair value measurements and disclosures as a step towards achieving convergence between generally accepted accounting principles and international financial reporting standards. ASU 2011-04 clarifies intent about application of existing fair value measurements and disclosures, changes certain requirements for fair value measurements and requires expanded disclosures. ASU 2011-04 was effective for interim and annual periods beginning after December 15, 2011. The Company's adoption of ASU 2011-04 resulted in expanded fair value disclosures and did not have any impact on the Company's results of operations, cash flows or financial position.

In January 2010, the FASB issued ASU 2010-06, which amends ASC 820, to add new requirements for disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances, and settlements relating to Level 3 measurements. ASU 2010-06 also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. Further, ASU 2010-06 amends guidance on employers' disclosures about postretirement benefit plan assets under ASC 715, *Compensation – Retirement Benefits* to require that disclosures be provided by classes of assets instead of by major categories of assets. Adoption of ASU 2010-06 had no impact on the Company's results of operations, cash flows or financial position.

(r) Recent Developments

Superstorm Sandy - During the last week of October 2012, our businesses, primarily in New Jersey, were impacted by Superstorm Sandy. The most significant impact was widespread power outages caused by the storm's heavy winds and rain. Because all of our critical water and wastewater facilities are equipped with emergency power generators, we were able to maintain service to our customers during the storm, as well as in its aftermath. The storm did not have a material adverse impact on our results of operations, financial position or cash flows. Claims for damages and any associated losses have been submitted to our insurance carriers. We anticipate that claims which may not be covered by insurance are recoverable through the regulatory rate setting process.

Borough of Sayreville, New Jersey and Hess Corporation - Middlesex has received notification from the Borough of Sayreville, New Jersey (Sayreville), one of Middlesex's wholesale contract customers, that Sayreville will not be renewing its contract for the purchase of water from Middlesex. In accordance with the terms, this contract will remain in effect through August 12, 2013. Middlesex is exploring options with Sayreville for its ongoing emergency water supply requirements. Gross operating revenues from water sales to Sayreville amounted to \$1.9 million in 2012. In addition, Hess Corporation (Hess), Middlesex's largest retail water customer, has announced it intends to cease its oil refining operations at its Port Reading, New Jersey facility as early as of the end of February 2013. Revenues from Hess amounted to \$2.6 million in 2012. Revenue reductions from either of these customers may accelerate the need for Middlesex to file a base rate increase Petition with the NJBPU.

Note 2 - Rate and Regulatory Matters

Rate Matters

Middlesex - In July 2012, the NJBPU approved an \$8.1 million increase in Middlesex's annual base water rates. A base rate increase request of \$11.3 million was filed in January 2012 seeking recovery of increased costs of operations, chemicals, fuel, electricity, taxes, labor and benefits and decreases in industrial and commercial customer demand patterns, as well as capital investment in utility plant. The new base rates are designed to generate sufficient revenue to recover these increased costs and offset the lower customer demands, as well as provide a return on invested capital in rate base of $202.4 million, based on a return on equity of 10.15%. The rate increase became effective on July 20, 2012.

In November 2012, Middlesex filed a petition with the NJBPU seeking approval of foundational information (Foundational Filing) that would allow for the implementation of a Distribution System Improvement Charge (DSIC). A DSIC is a rate-mechanism that allows water utilities to recover investment in capital improvements to their water distribution system made between base rate proceedings. In February 2013, the Foundational Filing was approved by the NJBPU, which allows Middlesex to implement a DSIC rate in September 2013 to recover costs for qualifying projects that are placed in service in the six-month post-approval period. The DSIC rate is allowed to increase in three subsequent six month periods for any additional qualifying projects placed in service during those time periods. The maximum annual revenues allowed to be recovered under the approved Foundational Filing is $1.4 million.

In September 2012, Middlesex filed an application with the NJBPU seeking permission to establish a Purchased Water Adjustment Clause (PWAC) and implement a tariff rate sufficient to recover increased costs of $0.1 million to purchase untreated water from the NJWSA and treated water from a non-affiliated regulated water utility. We cannot predict whether the NJBPU will ultimately approve, deny, or reduce the amount of the request.

In March 2010, the NJBPU granted an increase in Middlesex's annual operating revenues of 13.57%, or $7.8 million. The increase was necessitated by increased costs, as well as to provide a return on invested capital in rate base of $180.3 million based on a return on equity of 10.30%.

Tidewater – In June 2012, the DEPSC approved a $3.9 million increase in Tidewater's annual base water rates. A base rate increase request of $6.9 million was filed in September 2011 seeking recovery of increased costs for operations, maintenance and taxes, as well as capital investment. Under DEPSC regulations, Tidewater had implemented interim rates in November 2011, which amounted to approximately $2.5 million on an annual basis. The new final base rates reflect the remaining $1.4 million and became effective June 19, 2012.

Effective January 1, 2013, Tidewater implemented a DEPSC approved $0.1 million DSIC rate increase.

TESI – In November 2012, TESI filed an application with the DEPSC seeking approval to purchase all of the utility assets of the 600 customer wastewater system serving the residents of the Plantations development (the Plantations) in Rehoboth Beach, Delaware. The application also requests the transfer of the wastewater franchise from the current owner to TESI. In connection with this transaction, TESI also filed an application with DEPSC seeking an approximate $0.1 million increase in the Plantations' residents base wastewater rates. The purchase, and subsequent operation, of the Plantation's wastewater system is contingent, among other things, upon the DEPSC's approval of both applications. We cannot predict whether the DEPSC will ultimately approve or deny the purchase and base rate increase. A decision by the DEPSC is not expected until the third quarter of 2013.

In June 2012, the DEPSC approved a $0.6 million increase in TESI's annual base wastewater rates, a portion of which is to be phased in through 2015. A base rate increase request of $0.8 million was filed in July 2011 seeking recovery of increased operation and maintenance costs, as well as capital investment. Under DEPSC regulations, TESI had implemented interim rates in September 2011, which amounted to approximately $0.1 million on an annual basis. The new final base rates became effective June 5, 2012.

Pinelands – In August 2012, Pinelands Water and Pinelands Wastewater filed petitions with the NJBPU seeking permission to increase base rates by approximately $0.2 million and $0.1 million per year, respectively. These requests were made as a result of capital investments as well as increased operations and maintenance costs for both companies. We cannot predict whether the NJBPU will ultimately approve, deny, or reduce the amount of the request. A decision by the NJBPU is not expected until the second quarter of 2013.

Southern Shores – Effective June 1, 2011, the DEPSC approved a multi-year agreement for a phased-in base rate increase for Southern Shores. This increase was made as a result of capital investment in the upgrade and renovation of Southern Shores' primary water treatment facilities, as well as by increased operating costs. Under the terms of the agreement, which expires in 2020, customer rates will increase on January 1st of each year to generate additional annual revenue of $0.1 million with each increase.

Twin Lakes - The PAPUC approved a $0.1 million, three-year phased-in base rate increase effective March 3, 2012. This increase was designed to recover capital investment in the upgrade and renovation of the Twin Lakes System, as well as increased operating costs.

Regulatory Matters

We have recorded certain costs as regulatory assets because we expect full recovery of, or are currently recovering, these costs in the rates we charge customers. These deferred costs have been excluded from rate base and, therefore, we are not earning a return on the unamortized balances. These items are detailed as follows:

	(Thousands of Dollars) December 31,		Remaining
Regulatory Assets	**2012**	**2011**	**Recovery Periods**
Postretirement Benefits	$53,142	$49,735	Various
Income Taxes	17,866	17,151	Various
Rate Cases, Storm Costs, Tank Painting, and Other	1,823	416	2-9 years
Total	$72,831	$67,302	

Postretirement benefits include pension and other postretirement benefits that have been recorded on the Consolidated Balance Sheet in accordance with the guidance provided in ASC 715, *Compensation – Retirement Benefits.* These amounts represent obligations in excess of current funding, which the Company believes will be fully recovered in rates set by the regulatory authorities.

The recovery period for income taxes is dependent upon when the temporary differences between the tax and book treatment of various items reverse.

The Company uses composite depreciation rates for its regulated utility assets, which is currently an acceptable method under generally accepted accounting principles and is widely used in the utility industry. Historically, under the composite depreciation method, the anticipated costs of removing assets upon retirement are provided for over the life of those assets as a component of depreciation expense. The Company recovers certain asset retirement costs through rates charged to customers as an approved component of depreciation expense. As of December 31, 2012 and 2011, the Company has approximately $8.8 million and $8.0, respectively, of expected costs of removal recovered currently in rates in excess of actual costs incurred. These amounts are recorded as regulatory liabilities.

The Company is recovering in current rates acquisition premiums totaling $0.6 million over the remaining lives of the underlying Utility Plant. These deferred costs have been included in rate base as utility plant and a return is being earned on the unamortized balances during the recovery periods.

Note 3 – Income Taxes

Income tax expense differs from the amount computed by applying the statutory rate on book income subject to tax for the following reasons:

	(Thousands of Dollars) Years Ended December 31,		
	2012	2011	2010
Income Tax at Statutory Rate	$7,420	$6,816	$7,224
Tax Effect of:			
Utility Plant Related	(442)	(620)	(826)
State Income Taxes – Net	420	305	336
Employee Benefits	(23)	1	33
Other	8	25	19
Total Income Tax Expense	$7,383	$6,527	$6,786

Income tax expense is comprised of the following:

	(Thousands of Dollars) Years Ended December 31,		
	2012	2011	2010
Current:			
Federal	$2,994	$3,550	$5,584
State	430	395	481
Deferred:			
Federal	3,832	2,594	770
State	206	67	30
Investment Tax Credits	(79)	(79)	(79)
Total Income Tax Expense	$7,383	$6,527	$6,786

The statutory review periods for income tax returns for the years prior to 2010 have been closed. An examination by the Internal Revenue Service of Middlesex's Federal income tax returns for 2007 and 2008 was completed during 2010 and resulted in a net refund, including interest, of less than $0.1 million. The refund noted above was recorded to the appropriate current and deferred tax accounts and the interest was reported as other income. In the event that there is interest and penalties associated with income tax adjustments in future examinations, these amounts will be reported under interest expense and other expense, respectively. There are no unrecognized tax benefits resulting from prior period tax positions. The Company is not aware of any uncertain tax positions that could result in a future tax liability.

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial purposes and the amounts used for income tax purposes. The components of the net deferred tax liability are as follows:

	(Thousands of Dollars) December 31,	
	2012	2011
Utility Plant Related	$39,020	$35,135
Customer Advances	(3,673)	(3,737)
Employee Benefits	6,523	6,342
Investment Tax Credits (ITC)	1,068	1,146
Other	(94)	(718)
Total Deferred Tax Liability and ITC	$42,844	$38,168

Note 4 - Commitments and Contingent Liabilities

Water Supply - Middlesex has an agreement with the NJWSA for the purchase of untreated water through November 30, 2023, which provides for an average purchase of 27 million gallons a day (mgd). Pricing is set annually by the NJWSA through a public rate making process. The agreement has provisions for additional pricing in the event Middlesex overdrafts or exceeds certain monthly and annual thresholds.

Middlesex also has an agreement with a non-affiliated regulated water utility for the purchase of treated water. This agreement, which expires February 27, 2016, provides for the minimum purchase of 3.0 mgd of treated water with provisions for additional purchases.

Purchased water costs are shown below:

	Years Ended December 31, (Millions of Dollars)		
Purchased Water	2012	2011	2010
Untreated	$2.4	$2.4	$2.5
Treated	3.1	2.7	2.9
Total Costs	$5.5	$5.1	$5.4

Contract Operations - USA-PA operates the City of Perth Amboy, New Jersey's (Perth Amboy) water and wastewater systems under a 20-year agreement, which expires in 2018. In connection with the agreement with Perth Amboy, USA-PA entered into a 20-year subcontract with a wastewater operating company for the operation and maintenance of the Perth Amboy wastewater collection system. The subcontract provides for the sharing of certain fixed and variable fees and operating expenses.

Construction –The Company may spend up to $22.7 million in 2013, $22.1 million in 2014 and $28.2 million in 2015 on its construction program. The actual amount and timing of capital expenditures is dependent on customer growth, residential new home construction and sales and project scheduling. There is no assurance that projected customer growth and residential new home construction and sales will occur.

Litigation – The Company is a defendant in lawsuits in the normal course of business. We believe the resolution of pending claims and legal proceedings will not have a material adverse effect on the Company's consolidated financial statements.

Change in Control Agreements – The Company has Change in Control Agreements with certain of its officers that provide compensation and benefits in the event of termination of employment in connection with a change in control of the Company.

Note 5 – Short-term Borrowings

Information regarding the Company's short-term borrowings for the years ended December 31, 2012 and 2011 is summarized below:

	(Millions of Dollars)	
	2012	2011
Established Lines at Year-End	$60.0	$60.0
Maximum Amount Outstanding	29.0	24.3
Average Outstanding	25.5	20.7
Notes Payable at Year-End	28.0	24.3
Weighted Average Interest Rate	1.43%	1.44%
Weighted Average Interest Rate at Year-End	1.40%	1.33%

The maturity dates for the Notes Payable as of December 31, 2012 are all in January 2013 and are extendable at the discretion of the Company.

Interest rates for short-term borrowings are below the prime rate with no requirement for compensating balances.

Note 6 - Capitalization

All the transactions discussed below related to the issuance of securities were approved by either the NJBPU or DEPSC, except where otherwise noted.

Common Stock

In June 2010, the Company sold and issued 1.9 million shares of common stock in a public offering that was priced at $15.21 per share. The net proceeds of approximately $27.8 million were used to repay certain of the Company's short-term debt outstanding.

The number of shares authorized under the Dividend Reinvestment and Common Stock Purchase Plan (DRP) is 2.3 million shares. The cumulative number of shares issued under the DRP at December 31, 2012 is 2.1 million. For the years ended December 31, 2012, December 31, 2011 and December 31, 2010, the Company raised approximately $1.6 million, $1.5 million and $1.9 million, respectively, through the issuance of shares under the DRP.

The Company issues shares under a restricted stock plan for certain management employees, which is described in Note 7 – Employee Benefit Plans.

The Company maintains a stock plan for its outside directors (the Outside Director Stock Compensation Plan). For the years ended December 31, 2012, December 31, 2011 and December 31, 2010, 5,768 shares, 3,833 shares and 1,416 shares, respectively, of common stock were granted and issued to the Company's outside directors under the Outside Director Stock Compensation Plan and 87,429 shares remain available for future awards. The maximum number of shares authorized for grant under the Outside Director Stock Compensation Plan is 100,000.

In the event dividends on the preferred stock are in arrears, no dividends may be declared or paid on the common stock of the Company. At December 31, 2012, no preferred stock dividends were in arrears.

Preferred Stock

If four or more quarterly dividends are in arrears, the preferred shareholders, as a class, are entitled to elect two members to the Board of Directors in addition to Directors elected by holders of the common stock.

At December 31, 2012 and 2011, there were less than 0.1 million shares of preferred stock authorized and outstanding and there were no dividends in arrears.

The Company may not pay any dividends on its common stock unless full cumulative dividends to the preceding dividend date for all outstanding shares of preferred stock have been paid or set aside for payment. All such preferred dividends have been paid. In addition, if Middlesex were to liquidate, holders of preferred stock would be paid back the stated value of their preferred shares before any distributions could be made to common stockholders.

The conversion feature of the no par $7.00 Series Cumulative and Convertible Preferred Stock allows the security holders to exchange one convertible preferred share for twelve shares of the Company's common stock. In addition, the Company may redeem up to 10% of the outstanding convertible stock in any calendar year at a price equal to the fair value of twelve shares of the Company's common stock for each share of convertible stock redeemed. In February 2011, the Company repurchased 93 shares of its $7.00 Series, nonredeemable cumulative preferred stock at par value for approximately $9 thousand.

The conversion feature of the no par $8.00 Series Cumulative and Convertible Preferred Stock allows the security holders to exchange one convertible preferred share for 13.714 shares of the Company's common stock. The preferred shares are convertible into common stock at the election of the security holder or Middlesex.

Long-term Debt

In November 2012, Middlesex completed the transaction for the redemption and refinance of $57.5 million of First Mortgage Bonds (Bonds). The Bonds were originally issued in five separate transactions or series under the loan program of the New Jersey Economic Development Authority (NJEDA) and were replaced with three new series of Bonds designated as Series QQ, RR and SS totaling $55.4 million issued through the NJEDA, net of a $2.2 million issuance premium. The restricted proceeds of the new Bonds were used to redeem $51.5 million of the original Bonds in December 2012 and $6.0 million of the original Bonds in January 2013.

In May 2012, Middlesex borrowed $3.9 million through the New Jersey Environmental Infrastructure Trust (NJEIT) under the New Jersey State Revolving Fund (SRF) loan program and issued Bonds designated as Series OO ($3.0 million) and Series PP ($0.9 million). The interest rate on the Series OO Bonds is zero and the interest rate on the Series PP Bonds ranges from 2.0% to 5.0% depending on the serial maturity date. The final maturity date for the Bonds is August 1, 2031. Proceeds may only be used for the Middlesex 2012 RENEW Program, which is Middlesex's program to clean and cement unlined mains in the Middlesex system.

In December 2010, Middlesex issued $4.0 million of Bonds through the NJEIT under the New Jersey SRF program. The Company closed on the Bonds designated as Series MM and NN in December 2010. Proceeds may only be used for the Middlesex 2011 RENEW Program.

In March 2011, Tidewater closed on a $2.8 million loan with the Delaware SRF program which allowed, but did not obligate, Tidewater to draw against a General Obligation Note for a specific project. The interest rate on all draws was set at 3.75% with a final maturity of July 1, 2031. As of December 31, 2012, Tidewater has borrowed $2.7 million against this loan and does not anticipate any future borrowings under this loan.

In March 2011, Southern Shores closed on a $1.6 million loan with the Delaware SRF program, which allowed, but did not obligate, Southern Shores to draw against a General Obligation Note for a specific project. The interest rate on any draw was set at 3.75% with a final maturity of November 30, 2030. As of December 31, 2012, Southern Shores has borrowed $1.4 million against this loan and does not anticipate any future borrowings under this loan.

First Mortgage Bonds Series QQ through SS are term bonds with single maturity dates subsequent to 2017. Principal repayments for all series of the Company's long-term debt extend beyond 2017. The aggregate annual principal repayment obligations for all long-term debt over the next five years are shown below:

	(Millions of Dollars)
Year	**Annual Maturities**
2013	$11.1
2014	$ 5.2
2015	$ 5.3
2016	$ 5.4
2017	$ 5.5

The weighted average interest rate on all long-term debt at both December 31, 2012 and 2011 was 4.34% and 5.13%, respectively. Except for the Amortizing Secured Notes, all of the Company's outstanding long-term debt has been issued through the NJEDA ($61.4 million), the NJEIT program ($31.2 million) and the Delaware SRF program ($10.2 million).

Restricted cash includes proceeds from various New Jersey SRF loans. These funds are held in trusts and restricted for specific capital expenditures and debt service requirements. As discussed above, Series MM, NN, OO and PP proceeds can only be used for the applicable RENEW Programs. All other bond issuance balances in restricted cash are for debt service requirements.

In 2012 and 2011, the NJEIT deobligated principal payments of $0.3 million and $0.6 million, respectively, on several series of SRF long-term debt.

Substantially all of the Utility Plant of the Company is subject to the lien of its mortgage, which includes debt service and capital ratio covenants. The Company is in compliance with all of its mortgage covenants and restrictions.

Earnings Per Share

The following table presents the calculation of basic and diluted earnings per share (EPS) for the three years ended December 31, 2012. Basic EPS is computed on the basis of the weighted average number of shares outstanding. Diluted EPS assumes the conversion of both the Convertible Preferred Stock $7.00 Series and $8.00 Series.

	(In Thousands, Except per Share Amounts)					
	2012		**2011**		**2010**	
Basic:	Income	Shares	Income	Shares	Income	Shares
Net Income	$14,396	15,733	$13,447	15,615	$14,330	14,654
Preferred Dividend	(206)		(206)		(207)	
Earnings Applicable to Common Stock	$14,190	15,733	$13,241	15,615	$14,123	14,654
Basic EPS	$ 0.90		$ 0.85		$ 0.96	
Diluted:						
Earnings Applicable to Common Stock	$14,190	15,733	$13,241	15,615	$14,123	14,654
$7.00 Series Dividend	97	166	97	166	97	166
$8.00 Series Dividend	56	96	56	96	56	96
Adjusted Earnings Applicable to Common Stock	$ 14,343	15,995	$13, 394	15,877	$14,276	14,916
Diluted EPS	$ 0.90		$ 0.84		$ 0.96	

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosure for financial instruments for which it is practicable to estimate that value. The carrying amounts reflected in the consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable and notes payable approximate their respective fair values due to the short-term maturities of these instruments. The fair value of the Company's long-term debt relating to Bonds and SRF Notes is based on quoted market prices for similar issues. Under the fair value hierarchy, the fair value of cash and cash equivalents is classified as a Level 1 measurement and the fair value of notes payable and the Bonds and SRF Notes in the table below are classified as Level 2 measurements. The carrying amount and fair value of the Company's bonds were as follows:

	(Thousands of Dollars) At December 31,			
	2012		**2011**	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Bonds	$91,938	$93,556	$86,577	$87,283
State Revolving Bonds	$ 708	$ 712	$ 793	$ 799

For other long-term debt for which there was no quoted market price, it was not practicable to estimate their fair value. The carrying amount of these instruments was $47.7 million and $49.3 million at December 31, 2012 and 2011, respectively. Customer advances for construction have a carrying amount of $22.0 million and $21.9 million at December 31, 2012 and 2011, respectively. Their relative fair values cannot be accurately estimated since future refund payments depend on several variables, including new customer connections, customer consumption levels and future rate increases.

Note 7 - Employee Benefit Plans

Pension Benefits

The Company's Pension Plan covers all active employees hired prior to March 31, 2007. Employees hired after March 31, 2007 are not eligible to participate in this plan, but can participate in a defined contribution profit sharing plan that provides an annual contribution at the discretion of the Company, based upon a percentage of the participants' compensation. In order to be eligible for contribution, the eligible employee must be employed by the Company on December 31st of the year to which the contribution relates. In addition, the Company maintains an unfunded supplemental plan for its executive officers. The Accumulated Benefit Obligation for the Company's Pension Plan at December 31, 2012 and 2011 was $52.4 million and $46.5 million, respectively.

Other Benefits

The Company's Other Benefits Plan covers substantially all of its current retired employees. Employees hired after March 31, 2007 are not eligible to participate in this plan. Coverage includes healthcare and life insurance. Accrued retirement benefit costs are recorded each year.

Regulatory Treatment of Over/Underfunded Retirement Obligations

Because the Company is subject to regulation in the states in which it operates, it is required to maintain its accounts in accordance with the regulatory authority's rules and guidelines, which may differ from other authoritative accounting pronouncements. In those instances, the Company follows the guidance of ASC 980, *Regulated Operations*. Based on prior regulatory practice, and in accordance with the guidance in ASC 980, *Regulated Operations*, the Company records underfunded Pension Plan and Other Benefits Plan obligation costs, which otherwise would be recognized in Other Comprehensive Income under ASC 715, *Compensation – Retirement Benefits*, as a Regulatory Asset, and expects to recover those costs in rates charged to customers.

The Company uses a December 31 measurement date for all of its employee benefit plans. The table below sets forth information relating to the Company's Pension Plan and Other Benefits Plan for 2012 and 2011.

	December 31, (Thousands of Dollars)			
	Pension Plan		Other Benefits Plan	
	2012	2011	2012	2011
Change in Projected Benefit Obligation:				
Beginning Balance	$56,201	$42,138	$43,121	$29,605
Service Cost	2,198	1,574	1,784	1,306
Interest Cost	2,417	2,261	1,868	1,604
Actuarial Loss	3,833	12,047	4,425	11,121
Benefits Paid	(1,832)	(1,819)	(590)	(515)
Ending Balance	$62,817	$56,201	$50,608	$43,121
Change in Fair Value of Plan Assets:				
Beginning Balance	$32,196	$29,989	$ 15,817	$ 12,890
Actual Return on Plan Assets	3,879	470	1,241	177
Employer Contributions	3,661	3,556	3,940	3,265
Benefits Paid	(1,832)	(1,819)	(590)	(515)
Ending Balance	$37,904	$32,196	$ 20,408	$ 15,817
Funded Status	$(24,913)	$(24,005)	$(30,200)	$(27,304)

	December 31, (Thousands of Dollars)			
	Pension Plan		Other Benefits Plan	
	2012	2011	2012	2011
Amounts Recognized in the Consolidated Balance Sheets consist of:				
Current Liability	(345)	(303)	-	-
Noncurrent Liability	(24,568)	(23,702)	(30,200)	(27,304)
Net Liability Recognized	$(24,913)	$(24,005)	$(30,200)	$(27,304)

	Years Ended December 31, (Thousands of Dollars)					
	Pension Plan			Other Benefits Plan		
	2012	2011	2010	2012	2011	2010
Components of Net Periodic Benefit Cost						
Service Cost	$2,198	$1,575	$1,396	$1,784	$1,306	$1,025
Interest Cost	2,417	2,261	2,228	1,868	1,604	1,335
Expected Return on Plan Assets	(2,458)	(2,283)	(2,020)	(1,258)	(1,026)	(759)
Amortization of Net Transition Obligation	-	-	-	135	135	135
Amortization of Net Actuarial Loss	1,549	565	506	1,765	878	531
Amortization of Prior Service Cost	10	10	10	-	-	-
Net Periodic Benefit Cost	$3,716	$2,128	$2,120	$4,294	$2,897	$2,267

Amounts that are expected to be amortized from Regulatory Assets into Net Periodic Benefit Cost in 2013 are as follows:

	(Thousands of Dollars)	
	Pension Plan	Other Benefits Plan
Actuarial Loss	$1,632	$1,976
Prior Service Cost	10	-

The discount rate and compensation increase rate for determining our postretirement benefit plans' benefit obligations and costs as of December 31, 2012, 2011 and 2010, respectively, are as follows:

	Pension Plan			Other Benefits Plan		
	2012	2011	2010	2012	2011	2010
Weighted Average Assumptions:						
Expected Return on Plan Assets	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Discount Rate for:						
Benefit Obligation	3.99%	4.37%	5.48%	3.99%	4.37%	5.48%
Benefit Cost	4.37%	5.48%	5.95%	4.37%	5.48%	5.95%
Compensation Increase for:						
Benefit Obligation	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Benefit Cost	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

The compensation increase assumption for the Other Benefits Plan is attributable to life insurance provided to qualifying employees upon their retirement. The insurance coverage will be determined based on the employee's base compensation as of their retirement date.

For the 2012 valuation, costs and obligations for our Other Benefits Plan assumed a 9.0% annual rate of increase in the per capita cost of covered healthcare benefits in 2013 with a decline of 1.0% per year for 2014-2016 and 0.5% per year for 2017-2018, resulting in an annual rate of increase in the per capita cost of covered healthcare benefits of 5% by year 2018.

A one-percentage point change in assumed healthcare cost trend rates would have the following effects on the Other Benefits Plan:

	(Thousands of Dollars) 1 Percentage Point	
	Increase	Decrease
Effect on Current Year's Service and Interest Cost	$ 838	$ (640)
Effect on Projected Benefit Obligation	$ 9,560	$ (7,477)

The following benefit payments, which reflect expected future service, are expected to be paid:

	(Thousands of Dollars)	
Year	Pension Plan	Other Benefits Plan
2013	$ 1,949	$ 827
2014	1,938	988
2015	1,931	1,158
2016	1,951	1,321
2017	2,263	1,503
2018-2022	12,950	9,969
Totals	$22,982	$15,766

Benefit Plans Assets

The allocation of plan assets at December 31, 2012 and 2011 by asset category is as follows:

	Pension Plan		Other Benefits Plan			
Asset Category	**2012**	**2011**	**2012**	**2011**	**Target**	**Range**
Equity Securities	60.9%	61.6%	40.3%	37.0%	60%	30-65%
Debt Securities	32.9%	31.3%	53.0%	57.8%	38%	25-70%
Cash	6.0%	6.9%	5.9%	4.6%	2%	0-10%
Commodities	0.2%	0.2%	0.8%	0.6%	0%	0%
Total	100.0%	100.0%	100.0%	100.0%		

Two outside investment firms each manage a portion of the Pension Plan asset portfolio. One of those investment firms also manages the Other Benefits Plan asset portfolio. Quarterly meetings are held between the Company's Pension Committee of the Board of Directors and the investment managers to review their performance and asset allocation. If the actual asset allocation is outside the targeted range, the Pension Committee reviews current market conditions and advice provided by the investment managers to determine the appropriateness of rebalancing the portfolio.

The objective of the Company is to maximize the long-term return on retirement plan assets, relative to a reasonable level of risk, maintain a diversified investment portfolio and maintain compliance with the Employee Retirement Income Security Act of 1974. The expected long-term rate of return is based on the various asset categories in which plan assets are invested and the current expectations and historical performance for these categories.

Equity securities include Middlesex common stock in the amounts of $0.8 million (2.0% of total plan assets) and $0.7 million (2.3 % of total pension plan assets) at December 31, 2012 and 2011, respectively.

Fair Value Measurements

Accounting guidance provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in accessible active markets.
- Level 2 – Inputs to the valuation methodology that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. If the asset or liability has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Certain investments in cash and cash equivalents, equity securities, and commodities are valued based on quoted market prices in active markets and are classified as Level 1 investments. Certain investments in cash and cash equivalents, equity securities and fixed income securities are valued using prices received from pricing vendors that utilize observable inputs and are therefore classified as Level 2 investments.

The following table presents Middlesex's Pension Plan assets measured and recorded at fair value within the fair value hierarchy as of December 31, 2012 (amounts in thousands):

	Level 1	Level 2	Level 3	Total
Common Trust Fund-Large Cap	$ -	$ 10,409	$ -	$ 10,409
Mutual Funds:				
Mid Cap Growth	703	-	-	703
Mid Cap Value	412	-	-	412
Foreign Small Mid Growth	255	-	-	255
Foreign Large Blend	710	-	-	710
Pacific Asis/ex-Japan Stock	164			164
Diversied Emerging Markets	222	-	-	222
Preferred Stock Index	82	-	-	82
Money Market Funds:				
Cash and Cash Equivalents	2,385	747	-	3,132
Equity Securities:				
Non-Financial Services	293	-	-	293
Financial Services	1,883	-	-	1,883
Utilities	1,334	-	-	1,334
Consumer Growth	1,778	-	-	1,778
Consumer Staples	931	-	-	931
Consumer Cyclicals	886	-	-	886
Industrial Resources	224	-	-	224
Capital Equipment	669	-	-	669
Technology	1,324	-	-	1,324
Energy	860	-	-	860
Corporate Bonds	-	3,575	-	3,575
Mortgage-Backed Securities (1)	-	2,570	-	2,570
Asset-Backed Securities	-	25	-	25
Agency/US/State/Municipal Debt		5,312	-	5,312
Sovereign/Non-US Debt	-	63	-	63
Commodities	88	-	-	88
Total Investments	$ 15,203	$ 22,701	$ -	$ 37,904

(1) Mortgage-backed securities represent AAA rated securities and substantially all of the asset-backed securities are highly-rated (Standard & Poor's rating of AA+), secured primarily by credit card, auto loan, and home equity receivables.

The following table presents Middlesex's Pension Plan assets measured and recorded at fair value within the fair value hierarchy as of December 31, 2011 (amounts in thousands):

	Level 1	Level 2	Level 3	Total
Common Trust Fund-Large Cap	$ -	$ 7,641	$ -	$ 7,641
Mutual Funds:				
Mid Cap Growth	655	-	-	655
Mid Cap Value	356	-	-	356
Foreign Small Mid Growth	214	-	-	214
Foreign Large Core	97	-	-	97
Foreign Large Blend	586	-	-	586
Diversied Emerging Markets	281	-	-	281
Preferred Stock Index	74	-	-	74
Money Market Funds:				
Cash and Cash Equivalents	1,389	1,281	-	2,670
Equity Securities:				
Non-Financial Services	189	-	-	189
Financial Services	1,289	-	-	1,289
Utilities	1,629	-	-	1,629
Consumer Growth	1,685	-	-	1,685
Consumer Staples	956	-	-	956
Consumer Cyclicals	853	-	-	853
Industrial Resources	159	-	-	159
Capital Equipment	651	-	-	651
Technology	1,345	-	-	1,345
Energy	1,160	-	-	1,160
Other	40	-	-	40
Corporate Bonds	-	2,324	-	2,324
Mortgage-Backed Securities (1)	-	2,527	-	2,527
Asset-Backed Securities	-	27	-	27
Agency/US/State/Municipal Debt	129	4,532	-	4,661
Sovereign/Non-US Debt	-	75	-	75
Commodities	52	-	-	52
Total Investments	$ 13,789	$ 18,407	$ -	$ 32,196

(1) Mortgage-backed securities represent AAA rated securities and substantially all of the asset-backed securities are highly-rated (Standard & Poor's rating of AA+), secured primarily by credit card, auto loan, and home equity receivables.

The following table presents Middlesex's Other Benefits Plan assets measured and recorded at fair value within the fair value hierarchy as of December 31, 2012 (amounts in thousands):

	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Small Cap Core	$ 97	$ -	$ -	$ 97
Mid Cap Core	104	-	-	104
Mid Cap Growth	290	-	-	290
Mid Cap Value	446	-	-	446
Large Cap Core	5,270	-	-	5,270
Large Cap Growth	902	-	-	902
Large Cap Value		-	-	-
Foreign Small Mid Growth	303	-	-	303
Foreign Large Core	234	-	-	234
Foreign Large Growth	292	-	-	292
Diversified Emerging Markets	282	-	-	282
Preferred Stock Index	119	-	-	119
Money Market Funds:				
Cash and Cash Equivalents	-	1,205	-	1,205
Agency/US/State/Municipal Debt	780	9,914	-	10,694
Commodities	170	-	-	170
Total Investments	$ 9,289	$ 11,119	$ -	$ 20,408

The following table presents Middlesex's Other Benefits Plan assets measured and recorded at fair value within the fair value hierarchy as of December 31, 2011 (amounts in thousands):

	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Small Cap Core	$ 90	$ -	$ -	$ 90
Mid Cap Core	48	-	-	48
Mid Cap Growth	253	-	-	253
Mid Cap Value	288	-	-	288
Large Cap Core	3,406	-	-	3,406
Large Cap Growth	398	-	-	398
Large Cap Value	349	-	-	349
Foreign Small Mid Growth	225	-	-	225
Foreign Large Core	279	-	-	279
Foreign Large Growth	247	-	-	247
Diversified Emerging Markets	163	-	-	163
Preferred Stock Index	107	-	-	107
Money Market Funds:				
Cash and Cash Equivalents	-	818	-	818
Agency/US/State/Municipal Debt	424	8,622	-	9,046
Commodities	100	-	-	100
Total Investments	$ 6,377	$ 9,440	$ -	$ 15,817

Benefit Plans Contributions

For the Pension Plan, Middlesex made total cash contributions of $3.7 million in 2012 and expects a similar level of funding in 2013.

For the Other Benefits Plan, Middlesex made total cash contributions of $3.9 million in 2012 and expects a similar level of funding in 2013.

401(k) Plan

The Company has a 401(k) defined contribution plan, which covers substantially all employees with more than 1,000 hours of service. Under the terms of the Plan, the Company matches 100% of a participant's contributions, which do not exceed 1% of a participant's compensation, plus 50% of a participant's contributions exceeding 1%, but not more than 6%. The Company's matching contributions were $0.5 million for each of the years ended December 31, 2012, 2011 and 2010.

For those employees hired after March 31, 2007 and still actively employed on December 31, 2012, the Company approved and will fund discretionary contribution of $0.2 million, which was based on 5.0% of eligible 2012 compensation. For the years ended December 31, 2011 and 2010, the Company made discretionary contributions of $0.2 million and $0.1 million, respectively, for those qualifying employees.

Stock-Based Compensation

The Company has a stock compensation plan for certain management employees (the 2008 Restricted Stock Plan). The Company maintains an escrow account for 0.1 million shares of the Company's common stock for the 2008 Restricted Stock Plan. Such stock is subject to an agreement requiring forfeiture by the employee in the event of termination of employment within five years of the award other than as a result of retirement, death, disability or change in control. The maximum number of shares authorized for grant under the 2008 Restricted Stock Plan is 0.3 million shares, for which 0.2 million remain as unissued shares.

The Company recognizes compensation expense at fair value for the restricted stock awards in accordance with ASC 718, *Compensation – Stock Compensation.* Compensation expense is determined by the market value of the stock on the date of the award and is being amortized over a five-year period.

The following table presents information on the 2008 Restricted Stock Plan:

	Shares (thousands)	Unearned Compensation (thousands)	Weighted Average Grant Price
Balance, January 1, 2010	93	$990	
Granted	14	239	$16.97
Vested	(13)	-	
Forfeited	-	-	
Amortization of Compensation Expense	-	(338)	
Balance, December 31, 2010	94	$891	
Granted	30	518	$16.97
Vested	(15)	-	
Forfeited	(1)	(7)	
Amortization of Compensation Expense	-	(323)	
Balance, December 31, 2011	108	$1,079	
Granted	21	408	$19.35
Vested	(15)	-	
Forfeited	-	-	
Amortization of Compensation Expense	-	(448)	
Balance, December 31, 2012	114	$1,039	

The fair value of vested restricted shares was $0.3 million, $0.2 million and $0.2 million for the years ended December 31, 2012, 2011, and 2010, respectively.

Note 8 – Business Segment Data

The Company has identified two reportable segments. One is the regulated business of collecting, treating and distributing water on a retail and wholesale basis to residential, commercial, industrial and fire protection customers in parts of New Jersey, Delaware and Pennsylvania. This segment also includes regulated wastewater systems in New Jersey and Delaware. The Company is subject to regulations as to its rates, services and other matters by the states of New Jersey, Delaware and Pennsylvania with respect to utility service within these states. The other segment is primarily comprised of non-regulated contract services for the operation and maintenance of municipal and private water and wastewater systems in New Jersey and Delaware.

Inter-segment transactions relating to operational costs are treated as pass-through expenses. Finance charges on inter-segment loan activities are based on interest rates that are below what would normally be charged by a third party lender.

Operations by Segments:	(Thousands of Dollars) Years Ended December 31, 2012	2011	2010
Revenues:			
Regulated	$ 98,021	$ 91,729	$ 92,378
Non – Regulated	12,851	10,805	10,937
Inter-segment Elimination	(493)	(465)	(580)
Consolidated Revenues	$ 110,379	$ 102,069	$ 102,735
Operating Income:			
Regulated	$ 25,944	$ 22,760	$ 24,815
Non – Regulated	1,703	1,441	1,782
Consolidated Operating Income	$ 27,647	$ 24,201	$ 26,597
Depreciation:			
Regulated	$ 10,241	$ 9,601	$ 9,093
Non – Regulated	168	145	151
Consolidated Depreciation	$ 10,409	$ 9,746	$ 9,244
Other Income, Net:			
Regulated	$ 1,489	$ 1,982	$ 1,265
Non – Regulated	94	896	313
Inter-segment Elimination	(726)	(729)	(134)
Consolidated Other Income, Net	$ 857	$ 2,149	$ 1,444
Interest Expense:			
Regulated	$ 6,725	$ 6,376	$ 6,925
Non – Regulated	96	97	134
Inter-segment Elimination	(96)	(97)	(134)
Consolidated Interest Charges	$ 6,725	$ 6,376	$ 6,925
Income Taxes:			
Regulated	$ 6,579	$ 5,548	$ 6,004
Non – Regulated	804	979	782
Consolidated Interest Charges	$ 7,383	$ 6,527	$ 6,786
Net Income:			
Regulated	$ 13,500	$ 12,088	$ 13,152
Non – Regulated	896	1,359	1,178
Consolidated Net Income	$ 14,396	$ 13,447	$ 14,330
Capital Expenditures:			
Regulated	$ 21,149	$ 23,125	$ 29,344
Non – Regulated	429	437	260
Total Capital Expenditures	$ 21,578	$ 23,562	$ 29,604

	As of December 31, 2012	As of December 31, 2011
Assets:		
Regulated	$560,165	$539,947
Non – Regulated	11,674	10,325
Inter-segment Elimination	(10,113)	(12,736)
Consolidated Assets	$561,726	$537,536

Note 9 - Quarterly Operating Results - Unaudited

Operating results for each quarter of 2012 and 2011 are as follows:

(Thousands of Dollars, Except per Share Data)

2012	1st	2nd	3rd	4th	Total
Operating Revenues	$ 23,546	$ 27,401	$ 32,353	$ 27,079	$ 110,379
Operating Income	3,877	7,210	10,843	5,717	27,647
Net Income	1,807	3,725	6,138	2,726	14,396
Basic Earnings per Share	$ 0.11	$ 0.23	$ 0.39	$ 0.17	$ 0.90
Diluted Earnings per Share	$ 0.11	$ 0.23	$ 0.39	$ 0.17	$ 0.90

2011	1st	2nd	3rd	4th	Total
Operating Revenues	$ 23,996	$ 26,102	$ 28,671	$ 23,300	$ 102,069
Operating Income	4,768	6,738	8,516	4,179	24,201
Net Income	2,630	3,625	5,143	2,049	13,447
Basic Earnings per Share	$ 0.17	$ 0.23	$ 0.33	$ 0.12	$ 0.85
Diluted Earnings per Share	$ 0.17	$ 0.23	$ 0.32	$ 0.12	$ 0.84

The information above, in the opinion of the Company, includes all adjustments consisting only of normal recurring accruals necessary for a fair presentation of such amounts. The business of the Company is subject to seasonal fluctuation with the peak period usually occurring during the summer months. The quarterly earnings per share amounts above may differ from previous filings due to the effects of rounding.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES

(1) Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in Company reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in Company reports filed under the Exchange Act is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer as appropriate, to allow timely decisions regarding disclosure.

As required by Rule 13a-15 under the Exchange Act, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures was conducted by the Company's Chief Executive Officer along with the Company's Chief Financial Officer for the quarter ended December 31, 2012. Based upon that evaluation the Company's Chief Executive Officer and the Company's Chief Financial Officer concluded:

(a) Disclosure controls and procedures were effective as of the end of the period covered by this report.

(b) No changes in internal control over financial reporting occurred during our most recent fiscal quarter that has materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

Accordingly, management believes the consolidated financial statements included in this report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented.

(2) Management's Report on Internal Control Over Financial Reporting

The management of Middlesex Water Company (Middlesex or the Company) is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Exchange Act Rule 13A-15(f) and 15d-15(f). Middlesex's internal control system was designed to provide reasonable assurance to the Company's management and Board of Directors of adequate preparation and fair presentation of the published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the adequacy of financial statement preparation and presentation. Middlesex's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2012. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework*. Based on our assessment, we believe that as of December 31, 2012, the Company's internal control over financial reporting is operating as designed and is effective based on those criteria.

Middlesex's independent registered public accounting firm has audited the effectiveness of our internal control over financial reporting as of December 31, 2012 as stated in their report which is included herein.

/s/ Dennis W. Doll	/s/ A. Bruce O'Connor
Dennis W. Doll	A. Bruce O'Connor
President and	Vice President and
Chief Executive Officer	Chief Financial Officer

Iselin, New Jersey
March 7, 2013

(3) Report of Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Middlesex Water Company

We have audited Middlesex Water Company's (the "Company") internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Middlesex Water Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

An entity's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and directors of the entity; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Middlesex Water Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets and consolidated statements of capital stock and long-term debt and the related consolidated statements of income, common stockholders' equity, and cash flows of Middlesex Water Company and our report dated March 7, 2013 expressed an unqualified opinion.

/s/ ParenteBeard LLC

Reading, Pennsylvania
March 7, 2013

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Information with respect to Directors of Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2013 Annual Meeting of Stockholders and is incorporated herein by reference.

Information regarding the Executive Officers of Middlesex Water Company is included under Item 1. in Part I of this Annual Report.

ITEM 11. EXECUTIVE COMPENSATION.

This Information for Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2013 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

This information for Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2013 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

This information for Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2013 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

This information for Middlesex Water Company is included in Middlesex Water Company's Proxy Statement for the 2013 Annual Meeting of Stockholders and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

1. The following Financial Statements and Supplementary Data are included in Part II- Item 8. of this Annual Report:

   Consolidated Balance Sheets at December 31, 2012 and 2011.

   Consolidated Statements of Income for each of the three years in the period ended December 31, 2012.

   Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2012.

   Consolidated Statements of Capital Stock and Long-term Debt at December 31, 2012 and 2011.

   Consolidated Statements of Common Stockholders' Equity for each of the three years in the period ended December 31, 2012.

   Notes to Consolidated Financial Statements.

2. Financial Statement Schedules

   All Schedules are omitted because of the absence of the conditions under which they are required or because the required information is shown in the financial statements or notes thereto.

3. Exhibits

   See Exhibit listing immediately following the signature page.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MIDDLESEX WATER COMPANY

By: /s/ Dennis W. Doll
Dennis W. Doll
President and Chief Executive Officer

Date: March 7, 2013

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons, on behalf of the registrant and in the capacities indicated on March 7, 2013.

By: /s/ A. Bruce O'Connor
A. Bruce O'Connor
Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

By: /s/ Dennis W. Doll
Dennis W. Doll
Chairman of the Board, President, Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ James F. Cosgrove Jr.
James F. Cosgrove Jr.
Director

By: /s/ John C. Cutting
John C. Cutting
Director

By: /s/ Steven M. Klein
Steven M. Klein
Director

By: /s/ Amy B. Mansue
Amy B. Mansue
Director

By: /s/ John R. Middleton, M.D.
John R. Middleton, M.D.
Director

By: /s/ Walter G. Reinhard
Walter G. Reinhard
Director

By: /s/ Jeffries Shein
Jeffries Shein
Director

EXHIBIT INDEX

Exhibits designated with an asterisk (*) are filed herewith. The exhibits not so designated have heretofore been filed with the Commission and are incorporated herein by reference to the documents indicated in the previous filing columns following the description of such exhibits. Exhibits designated with a dagger (t) are management contracts or compensatory plans.

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
3.1	Certificate of Amendment to the Restated Certificate of Incorporation, filed with the State of New Jersey on June 19, 1997, included as Exhibit 3.1 to the Company's Current Report on Form 8-K filed April 30, 2010.		
3.2	Certificate of Amendment to the Restated Certificate of Incorporation, filed with the State of New Jersey on May 27, 1998, filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998.		
3.3	Certificate of Correction of Middlesex Water Company filed with the State of New Jersey on April 30, 1999, filed as Exhibit 3.3 of 2003 Form 10-K/A-2.		
3.4	Certificate of Amendment to the Restated Certificate of Incorporation Middlesex Water Company, filed with the State of New Jersey on February 17, 2000, filed as Exhibit 3.4 of 2003 Form 10-K/A-2.		
3.5	Certificate of Amendment to the Restated Certificate of Incorporation Middlesex Water Company, filed with the State of New Jersey on June 5, 2002, filed as Exhibit 3.5 of 2003 Form 10-K/A-2.		
3.6	Certificate of Amendment to the Restated Certificate of Incorporation, filed with the State of New Jersey on June 10, 1998, filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998.		
3.7	Bylaws of the Company, as amended, filed as Exhibit 4.1 of 2010 Second Quarter Form 10-Q.		
4.1	Form of Common Stock Certificate.	2-55058	2(a)
10.1	Copy of Purchased Water Agreement between the Company and Elizabethtown Water Company, filed as Exhibit 10 of 2006 First Quarter Form 10-Q.		
10.2	Copy of Mortgage, dated April 1, 1927, between the Company and Union County Trust Company, as Trustee, as supplemented by Supplemental Indentures, dated as of October 1, 1939 and April 1, 1949.	2-15795	4(a)-4(f)
10.3	Copy of Supplemental Indenture, dated as of July 1, 1964 and June 15, 1991, between the Company and Union County Trust Company, as Trustee.	33-54922	10.4-10.9
10.4	Copy of Supply Agreement, dated as of July 27, 2011, between the Company and the Old Bridge Municipal Utilities Authority filed as Exhibit No. 10.4 of 2011 Third Quarter Form 10-Q.		

EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
10.5	Copy of Supply Agreement, dated as of July 14, 1987, between the Company and the Marlboro Township Municipal Utilities Authority, as amended.	33-31476	10.13
10.6	Copy of Supply Agreement, dated as of February 11, 1988, with modifications dated February 25, 1992, and April 20, 1994, between the Company and the Borough of Sayreville filed as Exhibit No. 10.11 of 1994 First Quarter Form 10-Q.		
10.7	Copy of Water Purchase Contract, dated as of September 25, 2003, between the Company and the New Jersey Water Supply Authority, filed as Exhibit No. 10.7 of 2003 Form 10-K.		
10.8	Copy of Treating and Pumping Agreement, dated April 9, 1984, between the Company and the Township of East Brunswick.	33-31476	10.17
10.9	Copy of Supply Agreement, dated June 4, 1990, between the Company and Edison Township.	33-54922	10.24
10.10	Copy of amended Supply Agreement, between the Company and the Borough of Highland Park, filed as Exhibit No. 10.1 of 2006 First Quarter Form 10-Q.		
(t)10.11	Copy of Supplemental Executive Retirement Plan, filed as Exhibit 10.13 of 1999 Third Quarter Form 10-Q.		
(t)10.12(a)	Copy of 2008 Restricted Stock Plan, filed as Appendix A to the Company's Definitive Proxy Statement, dated and filed April 11, 2008.		
(t)10.12(b)	Copy of 2008 Outside Director Stock Compensation Stock Plan, filed as Appendix B to the Company's Definitive Proxy Statement, dated and filed April 11, 2008.		
(t)10.13(a)	Change in Control Termination Agreement between Middlesex Water Company and Dennis W. Doll, filed as Exhibit 10.13(a) of the 2008 Form 10-K.		
(t)10.13(b)	Change in Control Termination Agreement between Middlesex Water Company and A. Bruce O'Connor, filed as Exhibit 10.13(b) of the 2008 Form 10-K.		
(t)10.13(c)	Change in Control Termination Agreement between Middlesex Water Company and Richard M. Risoldi, filed as Exhibit 10.13(d) of the 2008 Form 10-K.		
(t)10.13(d)	Change in Control Termination Agreement between Middlesex Water Company and Kenneth J. Quinn, filed as Exhibit 10.13(e) of the 2008 Form 10-K.		
(t)10.13(e)	Change in Control Termination Agreement between Middlesex Water Company and Lorrie B. Ginegaw, filed as Exhibit 10.13(e) of the 2011 Form 10-K.		

EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
(t)10.13(f)	Change in Control Termination Agreement between Tidewater Utilities, Inc. and Gerard L. Esposito, filed as Exhibit 10.13(g) of the 2008 Form 10-K.		
(t)10.13(g)	Change in Control Termination Agreement between Middlesex Water Company and Bernadette M. Sohler, filed as Exhibit 10.13(h) of the 2008 Form 10-K.		
10.14	Copy of Transmission Agreement, dated October 16, 1992, between the Company and the Township of East Brunswick.	33-54922	10.23
10.15	Copy of Supplemental Indenture dated October 15, 1998 between Middlesex Water Company and First Union National Bank, as Trustee. Copy of Loan Agreement dated November 1, 1998 between the New Jersey Environmental Infrastructure Trust and Middlesex Water Company (Series X), filed as Exhibit No. 10.22 of the 1998 Third Quarter Form 10-Q.		
10.16	Copy of Supplemental Indenture dated October 15, 1998 between Middlesex Water Company and First Union National Bank, as Trustee. Copy of Loan Agreement dated November 1, 1998 between the State of New Jersey Environmental Infrastructure Trust and Middlesex Water Company (Series Y), filed as Exhibit No. 10.23 of the 1998 Third Quarter Form 10-Q.		
10.17	Copy of Operation, Maintenance and Management Services Agreement dated January 1, 1999 between the Company City of Perth Amboy, Middlesex County Improvement Authority and Utility Service Affiliates, Inc.	333-66727	10.24
10.18	Copy of Supplemental Indenture dated October 15, 1999 between Middlesex Water Company and First Union National Bank, as Trustee and copy of Loan Agreement dated November 1, 1999 between the State of New Jersey and Middlesex Water Company (Series Z), filed as Exhibit No. 10.25 of the 1999 Form 10-K.		
10.19	Copy of Supplemental Indenture dated October 15, 1999 between Middlesex Water Company and First Union National Bank, as Trustee and copy of Loan Agreement dated November 1, 1999 between the New Jersey Environmental Infrastructure Trust and Middlesex Water Company (Series AA), filed as Exhibit No. 10.26 of the 1999 Form 10-K.		
10.20	Copy of Supplemental Indenture dated October 15, 2001 between Middlesex Water Company and First Union National Bank, as Trustee and copy of Loan Agreement dated November 1, 2001 between the State of New Jersey and Middlesex Water Company (Series BB). Filed as Exhibit No. 10.22 of the 2001 Form 10-K.		

EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
10.21	Copy of Supplemental Indenture dated October 15, 2001 between Middlesex Water Company and First Union National Bank, as Trustee and copy of Loan Agreement dated November 1, 2001 between the New Jersey Environmental Infrastructure Trust and Middlesex Water Company (Series CC). Filed as Exhibit No. 10.22 of the 2001 Form 10-K.		
10.22	Copy of Supplemental Indenture dated October 15, 2004 between Middlesex Water Company and Wachovia Bank, as Trustee and copy of Loan Agreement dated November 1, 2004 between the State of New Jersey and Middlesex Water Company (Series EE), filed as Exhibit No. 10.26 of the 2004 Form 10-K.		
10.23	Copy of Supplemental Indenture dated October 15, 2004 between Middlesex Water Company and Wachovia Bank, as Trustee and copy of Loan Agreement dated November 1, 2004 between the New Jersey Environmental Infrastructure Trust and Middlesex Water Company (Series FF), filed as Exhibit No. 10.27 of the 2004 Form 10-K.		
10.24	Copy of Promissory Notes and Amendment to Combination Water Utility Real Estate Mortgage and Security Agreement, by Tidewater Utilities, Inc., Dated March 19, 2009, filed as Exhibit No. 10.28 of the 2009 First Quarter Form 10-Q.		
10.25	Copy of Supply Agreement, between the Company and the City of Rahway, filed as Exhibit No. 10.2 of 2006 First Quarter Form 10-Q.		
10.26	Copy of Supplemental Indenture dated October 15, 2006 between Middlesex Water Company and U.S. Bank National Association, as Trustee and copy of Loan Agreement dated November 1, 2006 between the State of New Jersey and Middlesex Water Company (Series GG), filed as Exhibit No. 10.30 of the 2006 Form 10-K.		
10.27	Copy of Supplemental Indenture dated October 15, 2006 between Middlesex Water Company and U.S. Bank National Association, as Trustee and copy of Loan Agreement dated November 1, 2006 between the New Jersey Environmental Infrastructure Trust and Middlesex Water Company (Series HH), filed as Exhibit No. 10.31 of the 2006 Form 10-K.		
10.28	Copy of Loan Agreement By and Between New Jersey Environmental Infrastructure Trust and Middlesex Water Company dated as of November 1, 2007 (Series II), filed as Exhibit No. 10.32 of the 2007 Form 10-K.		

EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
10.29	Copy of Loan Agreement By and Between The State of New Jersey, Acting By and Through The New Jersey Department of Environmental Protection, and Middlesex Water Company dated as of November 1, 2007 (Series JJ), filed as Exhibit 10.33 of the 2007 Form 10-K.		
10.30	Copy of Loan Agreement By and Between New Jersey Environmental Infrastructure Trust and Middlesex Water Company dated as of November 1, 2008 (Series KK), filed as Exhibit 10.34 of the 2008 Form 10-K.		
10.31	Copy of Loan Agreement By and Between The State of New Jersey, Acting By and Through The New Jersey Department of Environmental Protection, and Middlesex Water Company dated as of November 1, 2008 (Series LL)), filed as Exhibit 10.35 of the 2008 Form 10-K.		
10.32	Registration Statement, Form S-3, under Securities Act of 1933 filed July 23, 2009, relating to the Dividend Reinvestment and Common Stock Purchase Plan.	333-160757	
10.33	Amended and Restated Line of Credit Note between registrant and PNC Bank, filed as Exhibit 10.37 of the 2011 Form 10-K.		
10.34	Uncommitted Line of Credit Letter Agreement and Master Promissory Note between registrant and Bank of America, N.A, filed as Exhibit 10.38 of the 2011 Form 10-K.		
10.35	Uncommitted Line of Credit Letter Agreement between registrant's wholly-owned subsidiary Utility Services Affiliates (Perth Amboy) Inc. and Bank of America, N.A, filed as Exhibit 10.39 of the 2011 Form 10-K.		
10.36	Amended Promissory Note for a committed line of credit between registrant's wholly-owned subsidiary Tidewater Utilities, Inc. and CoBank, ACB., filed as Exhibit 10.40 to the Company's September 30, 2011 Quarterly Report on Form 10-Q.		
10.37	Copy of Loan Agreement By and Between The state of New Jersey, Acting By and Through The New Jersey Department of Environmental Protection and Middlesex Water Company, dated as of December 1, 2010 (Series MM), filed as Exhibit 10.41 of the 2010 Form 10-K.		
10.38	Copy of Loan Agreement By and Between New Jersey Environmental Infrastructure Trust and Middlesex Water Company dated as of December 1, 2010 (Series NN), filed as Exhibit 10.42 of the 2010 Form 10-K.		

EXHIBIT INDEX

Exhibit No.	Document Description	Previous Registration No.	Filing's Exhibit No.
10.39	Copy of Loan Agreement By and Between The State of New Jersey, Acting By and Through The New Jersey Department of Environmental Protection and Middlesex Water Company, dated as of May 1, 2012 (Series OO), filed as Exhibit 10.43 of the June 30, 2012 Form 10-Q.		
10.40	Copy of Loan Agreement by and Between New Jersey Environmental Infrastructure Trust and Middlesex Water Company dated as of May 1, 2012 (Series PP), filed as Exhibit 10.44 of the June 30, 2012 Form 10-Q.		
*10.41(1)	Copy of Loan Agreement By and Between the New Jersey Economic Development Authority and Middlesex Water Company dated as of November 1, 2012 (Series QQ, RR & SS).		
*21(1)	Middlesex Water Company Subsidiaries.		
*23.1(1)	Consent of Independent Registered Public Accounting Firm, ParenteBeard LLC.		
*31(1)	Section 302 Certification by Dennis W. Doll pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.		
*31.1(1)	Section 302 Certification by A. Bruce O'Connor pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.		
*32(1)	Section 906 Certification by Dennis W. Doll pursuant to 18 U.S.C.§1350.		
*32.1(1)	Section 906 Certification by A. Bruce O'Connor pursuant to 18 U.S.C.§1350.		
101.INS	XBRL Instance Document		
101.SCH	XBRL Schema Document		
101.CAL	XBRL Calculation Linkbase Document		
101.LAB	XBRL Labels Linkbase Document		
101.PRE	XBRL Presentation Linkbase Document		
101.DEF	XBRL Definition Linkbase Document		

(1) These documents were included in 2012 Form 10-K as filed with the Securities and Exchange Commission and will be provided upon specific request.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)
☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2013

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to________________

Commission File Number 0-422

MIDDLESEX WATER COMPANY

(Exact name of registrant as specified in its charter)

New Jersey	**22-1114430**
(State of incorporation)	(IRS employer identification no.)

1500 Ronson Road, Iselin, New Jersey 08830
(Address of principal executive offices, including zip code)

(732) 634-1500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit and post files).

Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company.
Large accelerated filer ☐ Accelerated filer ☑ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ☐ No ☑

The number of shares outstanding of each of the registrant's classes of common stock, as of October 31, 2013: Common Stock, No Par Value: 15,919,974 shares outstanding.

INDEX

MIDDLESEX WATER COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In thousands except per share amounts)

	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Operating Revenues	$ **31,285**	$ 32,353	$ **87,424**	$ 83,300
Operating Expenses:				
Operations and Maintenance	**15,120**	15,600	**45,698**	44,740
Depreciation	**2,772**	2,629	**8,205**	7,759
Other Taxes	**3,123**	3,281	**9,215**	8,871
Total Operating Expenses	**21,015**	21,510	**63,118**	61,370
Operating Income	**10,270**	10,843	**24,306**	21,930
Other Income (Expense):				
Allowance for Funds Used During Construction	**104**	110	**230**	383
Other Income	**27**	106	**124**	423
Other Expense	**(1)**	(4)	**(21)**	(155)
Total Other Income, net	**130**	212	**333**	651
Interest Charges	**1,541**	1,808	**4,234**	4,941
Income before Income Taxes	**8,859**	9,247	**20,405**	17,640
Income Taxes	**3,052**	3,109	**6,940**	5,970
Net Income	**5,807**	6,138	**13,465**	11,670
Preferred Stock Dividend Requirements	**44**	52	**147**	155
Earnings Applicable to Common Stock	$ **5,763**	$ 6,086	$ **13,318**	$ 11,515
Earnings per share of Common Stock:				
Basic	$ **0.36**	$ 0.39	$ **0.84**	$ 0.73
Diluted	$ **0.36**	$ 0.38	$ **0.83**	$ 0.73
Average Number of Common Shares Outstanding :				
Basic	**15,882**	15,741	**15,839**	15,717
Diluted	**16,117**	16,004	**16,093**	15,980
Cash Dividends Paid per Common Share	$ **0.1875**	$ 0.1850	$ **0.5625**	$ 0.5550

See Notes to Condensed Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands)

ASSETS		September 30, 2013	December 31, 2012
UTILITY PLANT:	Water Production	$ 131,854	$ 129,840
	Transmission and Distribution	352,038	343,074
	General	55,964	54,830
	Construction Work in Progress	10,334	7,834
	TOTAL	550,190	535,578
	Less Accumulated Depreciation	107,344	100,360
	UTILITY PLANT - NET	442,846	435,218
CURRENT ASSETS:	Cash and Cash Equivalents	2,937	3,025
	Accounts Receivable, net	12,706	12,447
	Unbilled Revenues	6,993	5,483
	Materials and Supplies (at average cost)	1,988	1,403
	Prepayments	2,691	2,255
	TOTAL CURRENT ASSETS	27,315	24,613
DEFERRED CHARGES AND OTHER ASSETS:	Unamortized Debt Expense	3,572	3,606
	Preliminary Survey and Investigation Charges	5,097	5,117
	Regulatory Assets	58,597	72,831
	Operations Contracts, Developer and Other Receivables	598	992
	Restricted Cash	3,091	9,019
	Non-utility Assets - Net	11,299	9,882
	Other	731	448
	TOTAL DEFERRED CHARGES AND OTHER ASSETS	82,985	101,895
	TOTAL ASSETS	$ 553,146	$ 561,726

CAPITALIZATION AND LIABILITIES			
CAPITALIZATION:	Common Stock, No Par Value	$ 145,653	$ 143,572
	Retained Earnings	42,476	38,060
	TOTAL COMMON EQUITY	188,129	181,632
	Preferred Stock	2,886	3,353
	Long-term Debt	130,596	131,467
	TOTAL CAPITALIZATION	321,611	316,452
CURRENT LIABILITIES:	Current Portion of Long-term Debt	5,373	11,130
	Notes Payable	30,450	27,950
	Accounts Payable	4,374	3,808
	Accrued Taxes	9,224	9,266
	Accrued Interest	442	955
	Unearned Revenues and Advanced Service Fees	755	756
	Other	1,673	2,067
	TOTAL CURRENT LIABILITIES	52,291	55,932
COMMITMENTS AND CONTINGENT LIABILITIES (Note 7)			
DEFERRED CREDITS AND OTHER LIABILITIES:	Customer Advances for Construction	21,788	21,990
	Accumulated Deferred Investment Tax Credits	1,009	1,068
	Accumulated Deferred Income Taxes	42,315	41,776
	Employee Benefit Plans	42,000	54,768
	Regulatory Liability - Cost of Utility Plant Removal	9,449	8,811
	Other	1,348	973
	TOTAL DEFERRED CREDITS AND OTHER LIABILITIES	117,909	129,386
CONTRIBUTIONS IN AID OF CONSTRUCTION		61,335	59,956
	TOTAL CAPITALIZATION AND LIABILITIES	$ 553,146	$ 561,726

See Notes to Condensed Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Nine Months Ended Sept 30,			
		2013		2012
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net Income	$	13,465	$	11,670
Adjustments to Reconcile Net Income to				
Net Cash Provided by Operating Activities:				
Depreciation and Amortization		8,833		8,349
Provision for Deferred Income Taxes and Investment Tax Credits		2,536		3,351
Equity Portion of Allowance for Funds Used During Construction (AFUDC)		(149)		(242)
Cash Surrender Value of Life Insurance		(174)		(132)
Stock Compensation Expense		357		456
Changes in Assets and Liabilities:				
Accounts Receivable		135		1,520
Unbilled Revenues		(1,510)		(2,060)
Materials & Supplies		(585)		571
Prepayments		(436)		(640)
Accounts Payable		566		(1,464)
Accrued Taxes		(42)		1,393
Accrued Interest		(513)		(307)
Employee Benefit Plans		(1,033)		182
Unearned Revenue & Advanced Service Fees		(1)		19
Other Assets and Liabilities		(284)		(1,484)
NET CASH PROVIDED BY OPERATING ACTIVITIES		21,165		21,182
CASH FLOWS FROM INVESTING ACTIVITIES:				
Utility Plant Expenditures, Including AFUDC of $81 in 2013, $141 in 2012		(14,585)		(17,886)
Restricted Cash		(360)		(793)
Investment in Joint Venture		(1,205)		(1,000)
NET CASH USED IN INVESTING ACTIVITIES		(16,150)		(19,679)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Redemption of Long-term Debt		(10,440)		(4,191)
Proceeds from Issuance of Long-term Debt		3,987		4,929
Net Short-term Bank Borrowings		2,500		3,500
Deferred Debt Issuance Expense		(55)		(22)
Restricted Cash		6,070		-
Proceeds from Issuance of Common Stock		1,257		1,193
Payment of Common Dividends		(8,902)		(8,720)
Payment of Preferred Dividends		(147)		(155)
Construction Advances and Contributions-Net		627		655
NET CASH USED IN FINANCING ACTIVITIES		(5,103)		(2,811)
NET CHANGES IN CASH AND CASH EQUIVALENTS		(88)		(1,308)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		3,025		3,106
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$	2,937	$	1,798
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY:				
Utility Plant received as Construction Advances and Contributions	$	1,324	$	828
Long-term Debt Deobligation	$	64	$	-
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:				
Cash Paid During the Year for:				
Interest	$	4,875	$	5,276
Interest Capitalized	$	81	$	141
Income Taxes	$	5,169	$	1,313

See Notes to Condensed Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CAPITAL STOCK AND LONG-TERM DEBT
(Unaudited)
(In thousands)

	September 30, 2013	December 31, 2012
Common Stock, No Par Value		
Shares Authorized - 40,000		
Shares Outstanding - 2013 - 15,917	$ 145,653	$ 143,572
2012 - 15,795		
Retained Earnings	42,476	38,060
TOTAL COMMON EQUITY	$ 188,129	$ 181,632
Cumulative Preferred Stock, No Par Value:		
Shares Authorized - 130		
Shares Outstanding - 28		
Convertible:		
Shares Outstanding, $7.00 Series - 14	1,457	1,457
Shares Outstanding, $8.00 Series - 3	349	816
Nonredeemable:		
Shares Outstanding, $7.00 Series - 1	80	80
Shares Outstanding, $4.75 Series - 10	1,000	1,000
TOTAL PREFERRED STOCK	$ 2,886	$ 3,353
Long-term Debt:		
8.05%, Amortizing Secured Note, due December 20, 2021	$ 2,047	$ 2,169
6.25%, Amortizing Secured Note, due May 19, 2028	6,160	6,475
6.44%, Amortizing Secured Note, due August 25, 2030	4,737	4,947
6.46%, Amortizing Secured Note, due September 19, 2031	5,017	5,227
4.22%, State Revolving Trust Note, due December 31, 2022	486	506
3.30% to 3.60%, State Revolving Trust Note, due May 1, 2025	3,287	3,413
3.49%, State Revolving Trust Note, due January 25, 2027	569	602
4.03%, State Revolving Trust Note, due December 1, 2026	763	784
4.00% to 5.00%, State Revolving Trust Bond, due August 1, 2021	344	388
0.00%, State Revolving Fund Bond, due August 1, 2021	281	320
3.64%, State Revolving Trust Note, due July 1, 2028	339	347
3.64%, State Revolving Trust Note, due January 1, 2028	113	116
3.45%, State Revolving Trust Note, due August 1, 2031	410	397
6.59%, Amortizing Secured Note, due April 20, 2029	5,436	5,697
7.05%, Amortizing Secured Note, due January 20, 2030	4,083	4,271
5.69%, Amortizing Secured Note, due January 20, 2030	8,376	8,761
3.75%, State Revolving Trust Note, due July 1, 2031	2,565	2,615
3.75%, State Revolving Trust Note, due November 30, 2030	1,361	1,388
First Mortgage Bonds:		
0.00%, Series X, due September 1, 2018	268	322
4.25% to 4.63%, Series Y, due September 1, 2018	300	355
0.00%, Series Z, due September 1, 2019	671	782
5.25% to 5.75%, Series AA, due September 1, 2019	830	955
0.00%, Series BB, due September 1, 2021	965	1,085
4.00% to 5.00%, Series CC, due September 1, 2021	1,145	1,275
5.10%, Series DD, due January 1, 2032	-	6,000
0.00%, Series EE, due August 1, 2023	3,968	4,386
3.00% to 5.50%, Series FF, due August 1, 2024	5,335	5,755
0.00%, Series GG, due August 1, 2026	1,171	1,262
4.00% to 5.00%, Series HH, due August 1, 2026	1,475	1,560
0.00%, Series II, due August 1, 2024	971	1,060
3.40% to 5.00%, Series JJ, due August 1, 2027	1,165	1,235
0.00%, Series KK, due August 1, 2028	1,346	1,435
5.00% to 5.50%, Series LL, due August 1, 2028	1,505	1,570
0.00%, Series MM, due August 1, 2030	1,637	1,801
3.00% to 4.375%, Series NN, due August 1, 2030	1,835	1,910
0.00%, Series OO, due August 1, 2031	2,709	2,860
2.00% to 5.00%, Series PP, due August 1, 2031	885	915
5.00%, Series QQ, due October 1, 2023	9,915	9,915
3.80%, Series RR, due October 1, 2038	22,500	22,500
4.25%, Series SS, due October 1, 2047	23,000	23,000
0.00%, Series TT, due August 1, 2032	2,860	-
3.00% to 3.25%, Series UU, due August 1, 2032	1,015	-
SUBTOTAL LONG-TERM DEBT	133,845	140,361
Add: Premium on Issuance of Long-term Debt	2,124	2,236
Less: Current Portion of Long-term Debt	(5,373)	(11,130)
TOTAL LONG-TERM DEBT	$ 130,596	$ 131,467

See Notes to Condensed Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Basis of Presentation and Recent Developments

Middlesex Water Company (Middlesex or the Company) is the parent company and sole shareholder of Tidewater Utilities, Inc. (Tidewater), Tidewater Environmental Services, Inc. (TESI), Pinelands Water Company (Pinelands Water) and Pinelands Wastewater Company (Pinelands Wastewater) (collectively, Pinelands), Utility Service Affiliates, Inc. (USA), Utility Service Affiliates (Perth Amboy) Inc. (USA-PA), and Twin Lakes Utilities, Inc. (Twin Lakes). Southern Shores Water Company, LLC (Southern Shores) and White Marsh Environmental Systems, Inc. (White Marsh) are wholly-owned subsidiaries of Tidewater. The financial statements for Middlesex are reported on a consolidated basis. All significant intercompany accounts and transactions have been eliminated.

The consolidated notes within the 2012 Annual Report on Form 10-K (the 2012 Form 10-K) are applicable to these financial statements and, in the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary (including normal recurring accruals) to present fairly the financial position as of September 30, 2013, results of operations for the three and nine month periods ended September 30, 2013 and 2012 and cash flows for the nine month periods ended September 30, 2013 and 2012. Information included in the Condensed Consolidated Balance Sheet as of December 31, 2012, has been derived from the Company's audited financial statements for the year ended December 31, 2012 included in the 2012 Form 10-K. Certain reclassifications have been made to prior year financial statements to conform with current year presentation.

Tidewater Awarded Water Privatization Contract for Dover Air Force Base
In September 2013, Tidewater entered into an agreement with the United States Department of Defense for the privatization of the water system of Dover Air Force Base (DAFB) in Dover, Delaware. Tidewater will provide DAFB with potable water service under a 50-year agreement. Tidewater intends to integrate the DAFB water system into its regulated utility operations, subject to Delaware Public Service Commission (DEPSC) regulatory approval. The agreement allows Tidewater up to one year to obtain all necessary DEPSC approvals and transition the DAFB water system to Tidewater. If approved by the DEPSC, this service to DAFB would initially add approximately $0.6 million of annual revenue.

Middlesex and Applied Water Management, Inc. Partner to Provide Leachate Pretreatment to Monmouth County, New Jersey Landfill
In September 2013, Middlesex entered into agreements with Applied Water Management, Inc. (AWM), Natural Systems Utilities, LLC (NSU), the parent company of AWM, and the County of Monmouth, New Jersey (Monmouth County) for the design, construction and operation of a leachate pretreatment facility at the Monmouth County Reclamation Center in Tinton Falls, New Jersey. Under the terms of the agreements, AWM will obtain permits, design, build and operate the landfill leachate pretreatment facility and Middlesex will serve in the role of guarantor of AWM's performance on the project, in addition to providing operational support. Construction of the facility is being financed by Monmouth County and is expected to begin in the third quarter of 2014. See Note 7 – *Commitments and Contingent Liabilities* for further discussion of Middlesex's guaranty of AWM's performance.

Middlesex Base Rate Increase Filing
Middlesex expects to file an application with the New Jersey Board of Public Utilities (NJBPU) seeking permission to increase its base rates in November 2013. The filing is necessary as a result of capital investments Middlesex has made, or has planned to make, increased operations and maintenance costs, and lost revenues resulting from ending a wholesale water sales contract with the Borough of Sayreville, New Jersey in August 2013 and Hess Corporation, Middlesex's largest retail water customer, ceasing its oil refining operations

at its Port Reading, New Jersey facility in February 2013. We cannot predict whether the NJBPU will ultimately approve, deny, or reduce the amount of the request. A decision by the NJBPU is not expected until the third quarter of 2014.

Tidewater Base Rate Increase Filing
Tidewater expects to file an application with the DEPSC seeking permission to increase its base rates in November 2013. The request will be made as a result of capital investments Tidewater has made, or has planned to make, and increased operations and maintenance costs. We cannot predict whether the DEPSC will ultimately approve, deny, or reduce the amount of the request. A decision by the DEPSC is not expected until the second half of 2014.

Recent Accounting Guidance
In the third quarter of 2013, there was no new adopted or proposed accounting guidance that could have a material impact on the Company's financial statements.

Note 2 – Rate Matters

Middlesex – In June 2013, the NJBPU approved a Middlesex Petition to defer approximately $0.4 million of costs of Superstorm Sandy related costs. These costs include labor, outside contractor costs, fuel, generator rental and other directly related expenses resulting from storm damage mitigation, repair, clean-up and restoration activities. Middlesex has submitted claims for these costs through its insurance carrier and has received an initial payment of $0.2 million. Middlesex will seek recovery of any Superstorm Sandy related costs not recovered through insurance in its next base rate proceeding. Middlesex cannot predict whether there will be any remaining costs after the insurance claim is closed or, if there are any remaining costs, whether they will be recovered in its next base rate proceeding.

In April 2013, the NJBPU approved a Middlesex Petition to establish a Purchased Water Adjustment Clause and implement a tariff rate sufficient to recover increased costs of $0.1 million to purchase untreated water from the New Jersey Water Supply Authority (NJWSA) and treated water from a non-affiliated regulated water utility.

In November 2012, Middlesex filed a Petition with the NJBPU seeking approval of foundational information (Foundational Filing) that would allow for the implementation of a Distribution System Improvement Charge (DSIC). A DSIC is a rate-mechanism that allows water utilities to recover investment in capital improvements to their water distribution system made between base rate proceedings. In February 2013, the Foundational Filing was approved by the NJBPU, which allows Middlesex to implement a DSIC rate to recover costs for qualifying projects that are placed in service in the six-month post-approval period. The DSIC rate is allowed to increase in three subsequent six month periods for any additional qualifying projects placed in service during those time periods. The maximum annual revenue allowed to be recovered under the approved Foundational Filing is $1.4 million. Middlesex expects to receive approval to implement a DSIC rate in the fourth quarter of 2013 designed to generate annual revenues of $0.3 million.

Pinelands - In March 2013, the NJBPU approved a combined $0.2 million increase in Pinelands Water and Pinelands Wastewater's annual base revenues. In its initial request, filed in August 2012, Pinelands had sought an increase of $0.3 million on a combined basis. The rate increase for the water service, which is approximately 50% of the approved increase, will be phased-in over one year.

TESI - On October 1, 2013, TESI closed on its DEPSC-approved purchase of the wastewater utility assets of the Plantations development (the Plantations) for $0.4 million and began providing wastewater services to the 600 residential customers in the Plantations in Delaware. Annual revenues for serving the Plantations are expected to be approximately $0.2 million. Effective one year after acquisition, subject to completion of agreed-upon capital improvements to the Plantations wastewater system, TESI will be allowed to implement a 33.5% base wastewater rate increase.

Note 3 – Capitalization

Common Stock
During the nine months ended September 30, 2013 and 2012, there were 63,649 common shares (approximately $1.3 million) and 64,034 common shares (approximately $1.2 million), respectively, issued under the Company's Amended and Restated Dividend Reinvestment and Common Stock Purchase Plan.

The Company maintains a stock plan for its non-management directors (Outside Director Stock Compensation Plan). In May 2013 and May 2012, the Company granted and issued 5,432 (approximately $0.1 million) and 5,768 shares (approximately $0.1 million) of common stock, respectively, to the non-management directors under the Outside Director Stock Compensation Plan.

Preferred Stock
In August 2013, 4,000 shares ($0.5 million) of the Company's no par $8.00 Series Cumulative and Convertible Preferred Stock was converted into 54,856 shares of common stock.

Long-term Debt
In May 2013, Middlesex borrowed $4.0 million through the New Jersey Environmental Infrastructure Trust under the New Jersey State Revolving Fund (SRF) loan program and issued first mortgage bonds designated as Series TT ($3.0 million) and Series UU ($1.0 million). The interest rate on the Series TT bond is zero and the interest rate on the Series UU bond ranges from 3.0% to 3.25% depending on the serial maturity date. The final maturity date for both bonds is August 1, 2032. Proceeds were initially recorded as Restricted Cash and may only be used for the Middlesex 2013 RENEW project, which is part of a program to clean and cement all unlined mains in the Middlesex system.

Fair Value of Financial Instruments
The following methods and assumptions were used by the Company in estimating its fair value disclosure for financial instruments for which it is practicable to estimate that value. The carrying amounts reflected in the condensed consolidated balance sheets for cash and cash equivalents, trade receivables, accounts payable and notes payable approximate their respective fair values due to the short-term maturities of these instruments. The fair value of the Company's long-term debt relating to First Mortgage and SRF Bonds (Bonds) is based on quoted market prices for similar issues. Under the fair value hierarchy, the fair value of cash and cash equivalents is classified as a Level 1 measurement and the fair value of the Bonds in the table below are classified as Level 2 measurements. The carrying amount and fair value of the Company's bonds were as follows:

	(Thousands of Dollars)			
	September 30, 2013		December 31, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
First Mortgage Bonds	$ 87,471	$ 80,193	$91,938	$93,556
SRF Bonds	$ 625	$ 628	$ 708	$ 712

For other long-term debt for which there was no quoted market price and there is not an active trading market, it was not practicable to estimate their fair value (for details, including carrying value, interest rate and due date on these series of long-term debt, please refer to those series noted as "Amortizing Secured Note" and "State Revolving Trust Note" on the Condensed Consolidated Statements of Capital Stock and Long-Term Debt). The carrying amount of these instruments was $45.7 million at September 30, 2013 and $47.7 million at December 31, 2012. Customer advances for construction have carrying amounts of $21.8 million and $22.0 million, respectively, at September 30, 2013 and December 31, 2012. Their relative fair values cannot be accurately estimated since future refund payments depend on several variables, including new customer connections, customer consumption levels and future rate increases.

Note 4 – Earnings Per Share

Basic earnings per share (EPS) are computed on the basis of the weighted average number of shares outstanding during the period presented. Diluted EPS assumes the conversion of both the Convertible Preferred Stock $7.00 Series and the Convertible Preferred Stock $8.00 Series.

	(In Thousands Except per Share Amounts) Three Months Ended September 30,			
	2013		2012	
Basic:	Income	Shares	Income	Shares
Net Income	$ 5,807	15,882	$ 6,138	15,741
Preferred Dividend	(44)		(52)	
Earnings Applicable to Common Stock	$ 5,763	15,882	$ 6,086	15,741
Basic EPS	$ 0.36		$ 0.39	
Diluted:				
Earnings Applicable to Common Stock	$ 5,763	15,882	$ 6,086	15,741
$7.00 Series Preferred Dividend	24	167	24	167
$8.00 Series Preferred Dividend	6	68	14	96
Adjusted Earnings Applicable to Common Stock	$ 5,793	16,117	$ 6,124	16,004
Diluted EPS	$ 0.36		$ 0.38	

	(In Thousands Except per Share Amounts) Nine Months Ended September 30,			
	2013		2012	
Basic:	Income	Shares	Income	Shares
Net Income	$ 13,465	15,839	$ 11,670	15,717
Preferred Dividend	(147)		(155)	
Earnings Applicable to Common Stock	$ 13,318	15,839	$ 11,515	15,717
Basic EPS	$ 0.84		$ 0.73	
Diluted:				
Earnings Applicable to Common Stock	$ 13,318	15,839	$ 11,515	15,717
$7.00 Series Preferred Dividend	73	167	73	167
$8.00 Series Preferred Dividend	34	87	42	96
Adjusted Earnings Applicable to Common Stock	$ 13,425	16,093	$ 11,630	15,980
Diluted EPS	$ 0.83		$ 0.73	

Note 5 – Business Segment Data

The Company has identified two reportable segments. One is the regulated business of collecting, treating and distributing water on a retail and wholesale basis to residential, commercial, industrial and fire protection customers in parts of New Jersey, Delaware and Pennsylvania. This segment also includes regulated wastewater systems in New Jersey and Delaware. The Company is subject to regulations as to its rates, services and other matters by New Jersey, Delaware and Pennsylvania with respect to utility services within these states. The other segment is primarily comprised of non-regulated contract services for the operation and maintenance of municipal and private water and wastewater systems in New Jersey and Delaware. Inter-segment transactions relating to operational costs are treated as pass-through expenses. Finance charges on inter-segment loan activities are based on interest rates that are below what would normally be charged by a third party lender.

	(In Thousands)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
Operations by Segments:	2013	2012	2013	2012
Revenues:				
Regulated	$ 27,981	$ 29,085	$ 77,042	$ 74,385
Non – Regulated	3,470	3,441	10,787	9,288
Inter-segment Elimination	(166)	(173)	(405)	(373)
Consolidated Revenues	$ 31,285	$ 32,353	$ 87,424	$ 83,300
Operating Income:				
Regulated	$ 9,685	$ 10,417	$ 22,699	$ 20,798
Non – Regulated	585	426	1,607	1,132
Consolidated Operating Income	$ 10,270	$ 10,843	$ 24,306	$ 21,930
Net Income:				
Regulated	$ 5,505	$ 5,926	$ 12,648	$ 11,070
Non – Regulated	302	212	817	600
Consolidated Net Income	$ 5,807	$ 6,138	$ 13,465	$ 11,670
Capital Expenditures:				
Regulated	$ 4,313	$ 5,229	$ 14,417	$ 17,564
Non – Regulated	50	83	168	322
Total Capital Expenditures	$ 4,363	$ 5,312	$ 14,585	$ 17,886

	As of September 30, 2013	As of December 31, 2012
Assets:		
Regulated	$ 555,470	$ 560,165
Non – Regulated	8,106	11,674
Inter-segment Elimination	(10,430)	(10,113)
Consolidated Assets	$ 553,146	$ 561,726

Note 6 – Short-term Borrowings

As of September 30, 2013, the Company has established lines of credit aggregating $60.0 million. At September 30, 2013, the outstanding borrowings under these credit lines were $30.5 million at a weighted average interest rate of 1.46%.

The weighted average daily amounts of borrowings outstanding under the Company's credit lines and the weighted average interest rates on those amounts were as follows:

	(In Thousands)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Average Daily Amounts Outstanding	$ 28,608	$ 26,867	$ 27,472	$ 25,122
Weighted Average Interest Rates	1.32%	1.52%	1.35%	1.41%

The maturity dates for the $30.5 million outstanding as of September 30, 2013 are all in October 2013 and are extendable at the discretion of the Company.

Interest rates for short-term borrowings under the lines of credit are below the prime rate with no requirement for compensating balances.

Note 7 – Commitments and Contingent Liabilities

Contract Operations
USA-PA operates the City of Perth Amboy, New Jersey's water and wastewater systems under a 20-year agreement, which expires in 2018. In connection with the agreement with Perth Amboy, USA-PA entered into a 20-year subcontract with a wastewater operating company for the operation and maintenance of the Perth Amboy wastewater collection system. The subcontract provides for the sharing of certain fixed and variable fees and operating expenses.

Water Supply
Middlesex has an agreement with the NJWSA for the purchase of untreated water through November 30, 2023, which provides for an average purchase of 27 million gallons a day (mgd). Pricing is set annually by the NJWSA through a public rate making process. The agreement has provisions for additional pricing in the event Middlesex overdrafts or exceeds certain monthly and annual thresholds.

Middlesex also has an agreement with a non-affiliated regulated water utility for the purchase of treated water. This agreement, which expires February 27, 2016, provides for the minimum purchase of 3 mgd of treated water with provisions for additional purchases.

Purchased water costs are shown below:

	(In Thousands)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Treated	$ 780	$ 772	$ 2,303	$ 2,266
Untreated	618	663	1,739	1,791
Total Costs	$ 1,398	$ 1,435	$ 4,042	$ 4,057

Guarantees
In September 2013, Middlesex entered into an agreement with Monmouth County to serve as guarantor of the performance of AWM to design, construct and operate a leachate pretreatment facility at the Monmouth County Reclamation Center in Tinton Falls, New Jersey (see Note 1 – *Basis of Presentation and Recent Developments* for further discussion of Middlesex's guaranty of AWM's performance). Middlesex expects to act as guarantor of AWM's performance through at least August 2018 and is contractually obligated to act as guarantor of AWM's performance through 2028 unless another guarantor, acceptable to Monmouth County, is

identified. Construction of the facility is being financed by Monmouth County and is expected to begin in the third quarter of 2014. In addition, Middlesex entered into agreements with AWM and NSU, the parent company of AWM, whereby, Middlesex earns a fee for providing the guaranty of AWM's performance to Monmouth County, Middlesex provides operational support to the project, and AWM and NSU, serving as guarantor to Middlesex with respect to the performance of AWM, indemnify Middlesex against any claims that may arise under the Middlesex guaranty to Monmouth County.

Middlesex believes it is unlikely any payments would need to be made under Middlesex's guaranty of AWM's performance to Monmouth County. If asked to perform under the guaranty to Monmouth County, and, if AWM and NSU, as guarantor to Middlesex, do not fulfill their obligations to indemnify Middlesex against any claims that may arise under the Middlesex guaranty to Monmouth County, Middlesex would have the opportunity to fulfill the construction and operational commitments of AWM. As of September 30, 2013, the liability recognized in Other Non-Current Liabilities on the balance sheet for the guaranty is approximately $0.4 million.

Construction
The Company expects to spend approximately $18.5 million on its construction program in 2013. The actual amount and timing of capital expenditures is dependent on project scheduling and refinement of engineering estimates for certain projects.

Litigation
The Company is a defendant in lawsuits in the normal course of business. We believe the resolution of pending claims and legal proceedings will not have a material adverse effect on the Company's consolidated financial statements.

Change in Control Agreements
The Company has Change in Control Agreements with certain of its officers that provide compensation and benefits in the event of termination of employment in connection with a change in control of the Company.

Note 8 – Employee Benefit Plans

Pension Benefits
The Company's Pension Plan covers substantially all employees hired prior to March 31, 2007. Employees hired after March 31, 2007 are not eligible to participate in this plan, but do participate in a defined contribution plan that provides an annual contribution into a self-directed retirement account at the discretion of the Company, based upon a percentage of the participants' compensation. In order to be eligible for contribution, the participating employee must be employed by the Company on December 31st of the year to which the award relates. For the three months ended September 30, 2013 and 2012, the Company made Pension Plan cash contributions of $1.9 million and $1.8 million, respectively. For the nine months ended September 30, 2013 and 2012, the Company made Pension Plan cash contributions of $2.6 million and $2.5 million, respectively. The Company expects to make additional Pension Plan cash contributions of approximately $0.7 million over the remainder of the current year. The Company also maintains an unfunded supplemental retirement benefit plan for certain active and retired Company officers and currently pays $0.3 million in annual benefits to the retired participants.

Other Postretirement Benefits
The Company's postretirement plan other than pensions (Other Benefits Plan) covers substantially all of its retired employees. Employees hired after March 31, 2007 are not eligible to participate in this plan. Coverage includes healthcare and life insurance. Effective January 1, 2013, the Company has amended a provision of the Other Benefits Plan increasing the level of retiree contributions required towards the insurance premiums. Eligible employees retiring in 2013 and beyond will contribute a higher percentage towards their healthcare premiums. The amendment resulted in a $10.2 million decrease in the Company's Employee Benefit Plans' Liability, and related Regulatory Asset, as of January 1, 2013. For the three months ended September 30, 2013

and 2012, the Company made Other Benefits Plan cash contributions of $1.0 million and $1.8 million, respectively. For the nine months ended September 30, 2013 and 2012, the Company made Other Benefits Plan cash contributions of $1.7 million and $2.5 million, respectively. The Company expects to make additional Other Benefits Plan cash contributions of approximately $0.5 million over the remainder of the current year.

The following tables set forth information relating to the Company's periodic costs for its employee retirement benefit plans:

	(In Thousands)			
	Pension Benefits		Other Benefits	
	Three Months Ended September 30,			
	2013	2012	2013	2012
Service Cost	$ 575	$ 550	$ 334	$ 446
Interest Cost	617	604	399	467
Expected Return on Assets	(724)	(615)	(406)	(314)
Amortization of Unrecognized Losses	408	387	516	441
Amortization of Unrecognized Prior Service Cost	2	2	(432)	-
Amortization of Transition Obligation	-	-	-	33
Net Periodic Benefit Cost	$ 878	$ 928	$ 411	$ 1,073

	(In Thousands)			
	Pension Benefits		Other Benefits	
	Nine Months Ended September 30,			
	2013	2012	2013	2012
Service Cost	$ 1,725	$ 1,649	$ 1,003	$ 1,338
Interest Cost	1,851	1,812	1,196	1,401
Expected Return on Assets	(2,171)	(1,844)	(1,217)	(943)
Amortization of Unrecognized Losses	1,224	1,162	1,549	1,324
Amortization of Unrecognized Prior Service Cost	7	7	(1,296)	-
Amortization of Transition Obligation	-	-	-	101
Net Periodic Benefit Cost	$ 2,636	$ 2,786	$ 1,235	$ 3,221

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements of Middlesex Water Company (Middlesex or the Company) included elsewhere herein and with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

Forward-Looking Statements

Certain statements contained in this periodic report and in the documents incorporated by reference constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. The Company intends that these statements be covered by the safe harbors created under those laws. These statements include, but are not limited to:

- statements as to expected financial condition, performance, prospects and earnings of the Company;
- statements regarding strategic plans for growth;
- statements regarding the amount and timing of rate increases and other regulatory matters, including the recovery of certain costs recorded as regulatory assets;
- statements as to the Company's expected liquidity needs during the upcoming fiscal year and beyond and statements as to the sources and availability of funds to meet its liquidity needs;
- statements as to expected customer rates, consumption volumes, service fees, revenues, margins, expenses and operating results;
- statements as to financial projections;
- statements as to the expected amount of cash contributions to fund the Company's retirement benefit plans, anticipated discount rates and rates of return on retirement benefit plan assets;
- statements as to the ability of the Company to pay dividends;
- statements as to the Company's compliance with environmental laws and regulations and estimations of the materiality of any related costs;
- statements as to the safety and reliability of the Company's equipment, facilities and operations;
- statements as to the Company's plans to renew municipal franchises and consents in the territories it serves;
- statements as to trends; and
- statements regarding the availability and quality of our water supply.

These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by the forward-looking statements. Important factors that could cause actual results to differ materially from anticipated results and outcomes include, but are not limited to:

- the effects of general economic conditions;
- increases in competition in the markets served by the Company;
- the ability of the Company to control operating expenses and to achieve efficiencies in its operations;
- the availability of adequate supplies of water;
- actions taken by government regulators, including decisions on rate increase requests;
- new or additional water quality standards;
- weather variations and other natural phenomena;
- costs required to evaluate business development opportunities that are not realized;
- acts of war or terrorism;
- significant changes in the pace of housing development in Delaware;
- the availability and cost of capital resources;
- the ability to translate Preliminary Survey & Investigation charges into projects; and
- other factors discussed elsewhere in this quarterly report.

Many of these factors are beyond the Company's ability to control or predict. Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements, which only speak to the Company's understanding as of the date of this report. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

For an additional discussion of factors that may affect the Company's business and results of operations, see Item 1A. - Risk Factors in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

Overview

Middlesex Water Company (Middlesex) has operated as a water utility in New Jersey since 1897, in Delaware through our wholly-owned subsidiary, Tidewater Utilities, Inc. (Tidewater), since 1992 and in Pennsylvania through our wholly-owned subsidiary, Twin Lakes Utilities, Inc. (Twin Lakes), since 2009. We are in the business of collecting, treating and distributing water for domestic, commercial, municipal, industrial and fire protection purposes. We also operate two New Jersey municipal water and wastewater systems under contract and provide regulated wastewater services in New Jersey and Delaware through our subsidiaries. We are regulated as to rates charged to customers for water and wastewater services, as to the quality of water service we provide and as to certain other matters in New Jersey, Delaware and Pennsylvania. Only our Utility Service Affiliates, Inc. (USA), Utility Service Affiliates (Perth Amboy), Inc. (USA-PA) and White Marsh Environmental Services, Inc. (White Marsh) subsidiaries are not regulated utilities.

Our New Jersey water utility system (the Middlesex System) provides water services to approximately 60,000 retail customers, primarily in central New Jersey. The Middlesex System also provides water service under contract to municipalities in central New Jersey with a total population of approximately 300,000. We also have an investment in a joint venture, Ridgewood Green RME, LLC, that owns and operates facilities to optimize the production of electricity at the Village of Ridgewood, New Jersey wastewater treatment plant and other municipal facilities. In partnership with our subsidiary, USA-PA, we operate the water supply and wastewater systems for the City of Perth Amboy, New Jersey (Perth Amboy). Our Bayview system provides water services in Downe Township, New Jersey. Our other New Jersey subsidiaries, Pinelands Water Company (Pinelands Water) and Pinelands Wastewater Company (Pinelands Wastewater) (collectively, Pinelands), provide water and wastewater services to residents in Southampton Township, New Jersey.

USA offers residential customers in New Jersey and Delaware water service line and sewer lateral maintenance programs (LineCare). USA entered into a marketing agreement (the Agreement), expiring in 2021, with HomeServe USA (HomeServe), a leading provider of home maintenance service programs to service, develop and grow USA's LineCare customer base. USA receives a service fee for the billing, cash collection and other administrative matters associated with HomeServe's service contracts, which increases based on growth in Home Serve's services to our customers.

On July 1, 2012, USA began service to the Borough of Avalon, New Jersey (Avalon) under a ten-year operations and maintenance contract for the Avalon water utility, sewer utility and storm water systems. In addition to performing day-to-day operations, USA is responsible for billing, collections, customer service, emergency response and management of capital projects funded by Avalon.

Our Delaware subsidiaries, Tidewater and Southern Shores Water Company, LLC (Southern Shores), provide water services to approximately 37,000 retail customers in New Castle, Kent and Sussex Counties, Delaware. Tidewater's subsidiary, White Marsh, services an additional 4,600 customers in Kent and Sussex Counties through various operations and maintenance contracts.

Our Tidewater Environmental Services, Inc. (TESI) subsidiary provides wastewater services to approximately 3,000 retail customers.

Our Pennsylvania subsidiary, Twin Lakes, provides water services to approximately 100 retail customers in the Township of Shohola, Pike County, Pennsylvania.

The majority of our revenue is generated from residential retail water service in our franchise territories, as well as contract water service to municipal customers in neighboring communities. We record water service revenue as such service is rendered and include estimates for amounts unbilled at the end of the period for services provided after the last billing cycle. Fixed service charges are billed in advance by our subsidiary, Tidewater, and are recognized in revenue as the service is provided.

Our ability to increase operating income and net income is based significantly on four factors: weather, adequate and timely rate relief, effective cost management, and customer growth. These factors are evident in the discussions below which compare our results of operations with prior periods.

Recent Developments

Tidewater Awarded Water Privatization Contract for Dover Air Force Base
In September 2013, Tidewater entered into an agreement with the United States Department of Defense for the privatization of the water system of Dover Air Force Base (DAFB) in Dover, Delaware. Tidewater will provide DAFB with potable water service under a 50-year agreement. Tidewater intends to integrate the DAFB water system into its regulated utility operations, subject to Delaware Public Service Commission (DEPSC) regulatory approval. The agreement allows Tidewater up to one year to obtain all necessary DEPSC approvals and transition the DAFB water system to Tidewater. If approved by the DEPSC, this service to DAFB would initially add approximately $0.6 million of annual revenues.

Middlesex and Applied Water Management, Inc. Partner to Provide Leachate Pretreatment to Monmouth County, New Jersey Landfill
In September 2013, Middlesex entered into agreements with Applied Water Management, Inc. (AWM), Natural Systems Utilities, LLC, AWM's parent company, and the County of Monmouth, New Jersey (Monmouth County) for the design, construction and operation of a new leachate pretreatment facility at the Monmouth County Reclamation Center in Tinton Falls, New Jersey. Under the terms of the agreements, AWM will obtain permits, design, build and operate the landfill leachate pretreatment facility and Middlesex will serve in the role of guarantor of AWM's performance on the project, in addition to providing operational support. Construction of the facility is being financed by Monmouth County and is expected to begin in the third quarter of 2014.

Middlesex Base Rate Increase Filing
Middlesex expects to file an application with the New Jersey Board of Public Utilities (NJBPU) seeking permission to increase its base rates in November 2013. The filing is necessary as a result of capital investments Middlesex has made, or has planned to make, increased operations and maintenance costs, and lost revenues resulting from ending a wholesale water sales contract with the Borough of Sayreville, New Jersey (Sayreville) in August 2013 and Hess Corporation (Hess), Middlesex's largest retail water customer, ceasing its oil refining operations at its Port Reading, New Jersey facility in February 2013 (see "*Outlook*" below for further discussion of Sayreville and Hess). We cannot predict whether the NJBPU will ultimately approve, deny, or reduce the amount of the request. A decision by the NJBPU is not expected until the third quarter of 2014.

Tidewater Base Rate Increase Filing
Tidewater expects to file an application with the DEPSC seeking permission to increase its base rates in November 2013. The request will be made as a result of capital investments Tidewater has made, or has planned to make, and increased operations and maintenance costs. We cannot predict whether the DEPSC will ultimately approve, deny, or reduce the amount of the request. A decision by the DEPSC is not expected until the second half of 2014.

Rate Matters

Middlesex – In June 2013, the NJBPU approved a Middlesex Petition to defer approximately $0.4 million of costs of Superstorm Sandy related costs. These costs include labor, outside contractor costs, fuel, generator rental and other directly related expenses resulting from storm damage mitigation, repair, clean-up and restoration activities. Middlesex has submitted claims for these costs through its insurance carrier and has received an initial payment of $0.2 million. Middlesex will seek recovery of any Superstorm Sandy related costs not recovered through insurance in its next base rate proceeding. Middlesex cannot predict whether there will be any remaining costs after the insurance claim is closed or, if there are any remaining costs, whether they will be recovered in its next base rate proceeding.

In April 2013, the NJBPU approved a Middlesex Petition to establish a Purchased Water Adjustment Clause (PWAC) and implement a tariff rate sufficient to recover increased costs of $0.1 million to purchase untreated water from the New Jersey Water Supply Authority and treated water from a non-affiliated regulated water utility.

In November 2012, Middlesex filed a Petition with the NJBPU seeking approval of foundational information (Foundational Filing) that would allow for the implementation of a Distribution System Improvement Charge (DSIC). A DSIC is a rate-mechanism that allows water utilities to recover investment in capital improvements to their water distribution system made between base rate proceedings. In February 2013, the Foundational Filing was approved by the NJBPU, which allows Middlesex to implement a DSIC rate to recover costs for qualifying projects that are placed in service in the six-month post-approval period. The DSIC rate is allowed to increase in three subsequent six month periods for any additional qualifying projects placed in service during those time periods. The maximum annual revenue allowed to be recovered under the approved Foundational Filing is $1.4 million. Middlesex expects to receive approval to implement a DSIC rate in the fourth quarter of 2013 designed to generate annual revenues of $0.3 million.

Pinelands - In March 2013, the NJBPU approved a combined $0.2 million increase in Pinelands Water and Pinelands Wastewater's annual base revenues. In its initial request, filed in August 2012, Pinelands had sought an increase of $0.3 million on a combined basis. The rate increase for the water service, which is approximately 50% of the approved increase, will be phased-in over one year.

TESI - On October 1, 2013, TESI closed on its DEPSC-approved purchase of the wastewater utility assets of the Plantations development (the Plantations) for $0.4 million and began providing wastewater services to the 600 residential customers residing in the Plantations in Delaware. Annual revenues for serving the Plantations are expected to be approximately $0.2 million. Effective one year after acquisition, subject to completion of agreed-upon capital improvements to the Plantations wastewater system, TESI will be allowed to implement a 33.5% base wastewater rate increase.

Outlook

Revenues for the remainder of 2013 are expected to be favorably impacted by the full year effect of approved 2012 and 2013 base rate increases for Middlesex, Tidewater, TESI, Southern Shores, Twin Lakes, Pinelands Water and Pinelands Wastewater. Also expected to contribute to additional revenues in 2013 are the Tidewater DSIC and the Middlesex PWAC and DSIC.

Sayreville, one of Middlesex's wholesale contract customers, did not renew its contract for the purchase of water from Middlesex due to the expansion of a Sayreville-owned water treatment plant. In accordance with the terms, this contract remained in effect through August 12, 2013. Gross operating revenues from water sales to Sayreville amounted to $1.9 million in 2012. In addition, Hess, Middlesex's largest retail water customer, ceased its oil refining operations at its Port Reading, New Jersey facility in February 2013. Water consumption at Hess's facilities has declined approximately 74%. Revenues from Hess amounted to $2.6 million in 2012.

Revenues in 2014 are expected to be favorably impacted by Middlesex and Tidewater base rate increases, which are expected to be filed for in November 2013 (see "*Recent Developments*" above for further discussion on Middlesex and Tidewater's expected base rate increase filings). Decisions by Middlesex's and Tidewater's respective regulators on these rate increase requests are not expected until the second half of 2014. We cannot predict whether these base rate increase requests will ultimately be approved, denied, or reduced.

Effective January 1, 2013, the Company has amended a provision of its postretirement medical plan (Other Benefits Plan) increasing the level of retiree contributions required towards the insurance premiums. Eligible employees retiring in 2013 and beyond will contribute a higher percentage towards their postretirement healthcare premiums. This amendment, combined with somewhat improved performance in 2012 on our investment of retirement plan funds, has lowered employee benefit plan expenses by approximately $2.8 million in 2013, as compared to 2012. In addition, we expect our cash contributions to our Other Benefits Plan to decrease to $2.2 million in 2013 from $3.9 million in 2012. See Note 8 of the Notes to Unaudited Condensed Consolidated Financial Statements for further discussion of our Employee Benefit Plans.

Ongoing economic conditions continue to negatively impact our customers' water consumption, particularly the level of water usage by our commercial and industrial customers in our Middlesex system. We are unable to determine when these customers' water demands may fully return to previous levels, or if a reduced level of demand will continue indefinitely. We were given appropriate recognition for a portion of this decrease in customer consumption in Middlesex's July 2012 rate increase.

Revenues and earnings are influenced by weather. Recent levels of precipitation and unexpected weather patterns have negatively impacted usage by our water customers in New Jersey and Delaware. Changes in usage patterns, as well as increases in capital expenditures and operating costs, are the primary factors in determining the need for rate increase requests. We continue to implement plans to streamline operations and reduce operating costs.

As a result of ongoing challenging economic conditions impacting the pace of new residential home construction, there may be an increase in the amount of preliminary survey and investigation (PS&I) costs that will not be currently recoverable in rates. If it is determined that recovery is unlikely, the applicable PS&I costs will be charged against income in the period of determination.

Our strategy is focused on three key areas:

- Serve as a trusted and continually-improving provider of safe, reliable and cost-effective water, wastewater and related services;
- Pursue profitable growth in our core states of New Jersey and Delaware, as well as additional states; and
- Invest in products, services and other viable opportunities that complement our core competencies.

Operating Results by Segment

The discussion of the Company's operating results is on a consolidated basis and includes significant factors by subsidiary. The Company has two operating segments, Regulated and Non-Regulated.

The segments in the tables included below consist of the following companies: Regulated-Middlesex, Tidewater, Pinelands, Southern Shores, TESI and Twin Lakes; Non-Regulated-USA, USA-PA, and White Marsh.

Results of Operations – Three Months Ended September 30, 2013

(In Thousands)

Three Months Ended September 30,

	2013			2012		
	Regulated	Non-Regulated	Total	Regulated	Non-Regulated	Total
Revenues	$ 27,905	$ 3,380	$ 31,285	$ 29,002	$ 3,351	$ 32,353
Operations and maintenance expenses	12,451	2,669	15,120	12,792	2,808	15,600
Depreciation expense	2,726	46	2,772	2,586	43	2,629
Other taxes	3,043	80	3,123	3,207	74	3,281
Operating income	9,685	585	10,270	10,417	426	10,843
Other income, net	130	-	130	197	15	212
Interest expense	1,517	24	1,541	1,784	24	1,808
Income taxes	2,793	259	3,052	2,904	205	3,109
Net income	$ 5,505	$ 302	$ 5,807	$ 5,926	$ 212	$ 6,138

Operating Revenues

Operating revenues for the three months ended September 30, 2013 decreased $1.1 million from the same period in 2012. This decrease was primarily related to the following factors:

- Middlesex System revenues decreased $1.3 million due to:
  - Sales to General Metered Service (GMS) customers decreased by $0.7 million primarily due to decreased GMS customer demand resulting from:
    - greater than expected precipitation events during the third quarter of 2013;
    - Hess, Middlesex's largest GMS customer, ceasing its oil refining operations at its Port Reading, New Jersey facility in February 2013 (see discussion in "*Recent Developments*" and "*Outlook*" sections above);

    Partially offsetting decreased demand was the full quarter effect of the July 2012 base water rate increase; and
  - Contract Sales to Municipalities decreased by $0.6 million, primarily due to the loss of Sayreville as a customer in August 2013 (see discussion in "*Recent Developments*" and "*Outlook*" sections above) and decreased weather-related demand offset by the full quarter effect of the July 2012 base water rate increase;
- Tidewater System revenues increased $0.1 million, primarily due to increased fixed service charges and increased fees, both from new water customer connections, partially offset by lower customer demand resulting from greater than expected precipitation events during the third quarter of 2013; and
- All other subsidiaries revenues increased $0.1 million.

Operation and Maintenance Expense

Operation and maintenance expenses for the three months ended September 30, 2013 decreased $0.5 million from the same period in 2012. This decrease was primarily related to the following factors:

- Employee benefit expenses decreased $0.6 million due primarily due to the amendment of the Other Benefits Plan which increases contributions by future retirees; and
- Labor costs increased $0.1 million primarily due to higher average labor rates.

Depreciation

Depreciation expense for the three months ended September 30, 2013 increased $0.1 million from the same period in 2012 due to a higher level of utility plant in service.

Other Taxes

Other taxes for the three months ended September 30, 2013 decreased $0.2 million from the same period in 2012, primarily due to decreased revenue related taxes on lower taxable revenues in our Middlesex system.

Other Income, net

Other Income, net for the three months ended September 30, 2013 decreased $0.1 million from the same period in 2012, primarily due to lower rental income, lower interest income and lower earnings from investments.

Interest Charges

Interest charges for the three months ended September 30, 2013 decreased $0.3 million from the same period in 2012, primarily due to lower average interest rates on long-term debt, resulting from Middlesex's refinancing of $57.5 million of First Mortgage Bonds in the fourth quarter of 2012.

Income Taxes

Income taxes for the three months ended September 30, 2013 decreased $0.1 million from the same period in 2012, due to decreased operating income in 2013 as compared to 2012.

Net Income and Earnings Per Share

Net income for the three months ended September 30, 2013 decreased $0.3 million from the same period in 2012. Basic and diluted earnings per share decreased to $0.36 for the three months ended September 30, 2013, as compared to $0.39 and $0.38, respectively, for the three months ended September 30, 2012.

Results of Operations – Nine Months Ended September 30, 2013

	(In Thousands) Nine Months Ended September 30,					
	2013			2012		
	Regulated	Non-Regulated	Total	Regulated	Non-Regulated	Total
Revenues	$ 76,906	$ 10,518	$ 87,424	$ 74,232	$ 9,068	$ 83,300
Operations and maintenance expenses	37,184	8,514	45,698	37,155	7,585	44,740
Depreciation expense	8,070	135	8,205	7,639	120	7,759
Other taxes	8,953	262	9,215	8,640	231	8,871
Operating income	22,699	1,607	24,306	20,798	1,132	21,930
Other income, net	333	-	333	573	78	651
Interest expense	4,162	72	4,234	4,870	71	4,941
Income taxes	6,222	718	6,940	5,431	539	5,970
Net income	$ 12,648	$ 817	$ 13,465	$ 11,070	$ 600	$ 11,670

Operating Revenues

Operating revenues for the nine months ended September 30, 2013 increased $4.1 million from the same period in 2012. This increase was primarily related to the following factors:

- Middlesex System revenues increased $2.0 million due to:
  - Sales to GMS customers increased by $1.7 million primarily due to the July 2012 base water rate increase partially offset by decreased GMS customer demand resulting from:
    - Greater than expected precipitation events during the second and third quarters of 2013;
    - Hess, Middlesex's largest GMS customer, ceasing its oil refining operations at its Port Reading, New Jersey facility in February 2013 (see discussion in "*Recent Developments*" and "*Outlook*" sections above);
  - Contract Sales to Municipalities increased by $0.2 million, primarily due to the July 2012 base water rate increase offset by the loss of Sayreville as a customer in August 2013 (see discussion in "*Recent Developments*" and "*Outlook*" sections above); and
  - Operating revenues for all other categories increased $0.1 million;
- Tidewater System revenues increased $0.4 million, primarily due to:
  - Increased fixed service charges and increased fees from new water customer connections; and
  - The June 2012 implementation of the final component of its base rate increase;

  Partially offsetting the increases above was lower customer demand resulting from greater than expected precipitation events during the second and third quarters of 2013;
- USA's revenues increased $1.0 million, primarily due to revenues earned under our contract to operate the Avalon water utility, sewer utility and storm water system, which commenced in July 2012;
- USA-PA's revenues increased $0.3 million, primarily from scheduled increases in the fixed fees paid under contract with the City of Perth Amboy;
- TESI's revenues increased $0.2 million, primarily due to the June 2012 base rate increase; and
- All other subsidiaries revenues increased $0.2 million.

Operation and Maintenance Expense

Operation and maintenance expenses for the nine months ended September 30, 2013 increased $1.0 million from the same period in 2012. This increase was primarily related to the following factors:

- Labor costs increased $0.7 million due to lower capitalized payroll and higher average labor rates. These increases were partially offset by a workforce reduction in our Delaware operations in March 2012;
- Variable production costs increased $0.4 million, primarily from higher water treatment costs due to increased precipitation in 2013 as compared to 2012;
- Water main break costs increased $0.2 million, as we experienced a higher number of main breaks in 2013 as compared to 2012;
- Expenditures for USA's contract operations serving Avalon, commencing July 1, 2012, resulted in a $0.1 million increase in labor costs and a $0.6 million increase in direct costs for billable supplemental services;
- Employee benefit expenses decreased $1.3 million due primarily due to the amendment of the Other Benefits Plan which increases contributions by future retirees; and
- All other operation and maintenance expense categories increased $0.3 million.

Depreciation

Depreciation expense for the nine months ended September 30, 2013 increased $0.4 million from the same period in 2012 due to a higher level of utility plant in service.

Other Taxes

Other taxes for the nine months ended September 30, 2013 increased $0.3 million from the same period in 2012, primarily due to increased revenue related taxes on higher taxable revenues in our Middlesex system.

Other Income, net

Other Income, net for the nine months ended September 30, 2013 decreased $0.3 million from the same period in 2012, primarily due to lower Allowance for Funds Used During Construction, resulting from lower average construction work in progress balances, lower rental income, lower interest income and lower earnings from investments offset by costs incurred in 2012 related to potential projects at our Delaware subsidiaries.

Interest Charges

Interest charges for the nine months ended September 30, 2013 decreased $0.7 million from the same period in 2012, primarily due to lower average interest rates on long-term debt, resulting from Middlesex's refinancing of $57.5 million of First Mortgage Bonds in the fourth quarter of 2012.

Income Taxes

Income taxes for the nine months ended September 30, 2013 increased $1.0 million from the same period in 2012, due to increased operating income in 2013 as compared to 2012.

Net Income and Earnings Per Share

Net income for the nine months ended September 30, 2013 increased $1.8 million from the same period in 2012. Basic and diluted earnings per share increased to $0.84 and $0.83 for the nine months ended September 30, 2013, respectively, as compared to $0.73 for the nine months ended September 30, 2012.

Liquidity and Capital Resources

Operating Cash Flows

Cash flows from operations are largely based on four factors: weather, adequate and timely rate increases, effective cost management and customer growth. The effect of those factors on net income is discussed in "Results of Operations."

For the nine months ended September 30, 2013, cash flows from operating activities were consistent with the same period in 2012. Higher income tax payments in 2013 offset higher net income and resulted in slightly lower cash flows from operating activities in 2013. The $21.2 million of net cash flow from operations enabled us to fund all of our utility plant expenditures internally for the period.

Capital Expenditures and Commitments

To fund our capital program, we use internally generated funds, short-term and long-term debt borrowings and, when market conditions are favorable, proceeds from sales of common stock under our Amended and Restated Dividend Reinvestment and Common Stock Purchase Plan (DRP) and common stock offerings. See below for a more detailed discussion regarding the funding of our capital program.

The capital investment program for 2013 is currently estimated to be approximately $18.5 million. Through September 30, 2013, we have expended $14.6 million and expect to incur approximately $3.9 million for capital projects for the remainder of 2013.

We currently project that we may expend approximately $54 million for capital projects in 2014 and 2015. The actual amount and timing of capital expenditures is dependent on project scheduling and refinement of engineering estimates for certain capital projects.

To fund our capital program for the remainder of 2013, we plan on utilizing:

- Internally generated funds;
- Proceeds from the sale of common stock through the DRP;
- Funds available and held in trust under existing New Jersey and Delaware State Revolving Fund (SRF) loans (currently, $1.9 million and $0.7 million, respectively). The SRF programs provide low cost financing for projects that meet certain water quality and system improvement benchmarks; and
- Short-term borrowings, if necessary, through $60.0 million of available lines of credit with several financial institutions. As of September 30, 2013, the outstanding borrowings under these credit lines were $30.5 million.

Recent Accounting Pronouncements – See Note 1 of the Notes to Unaudited Condensed Consolidated Financial Statements for a discussion of recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures of Market Risk

We are exposed to market risk associated with changes in interest rates and commodity prices. The Company is subject to the risk of fluctuating interest rates in the normal course of business. Our policy is to manage interest rates through the use of fixed rate long-term debt and, to a lesser extent, short-term debt. The Company's interest rate risk related to existing fixed rate, long-term debt is not material due to the term of the majority of our First Mortgage Bonds, which have final maturity dates ranging from 2018 to 2047. Over the next twelve months, approximately $5.4 million of the current portion of 38 existing long-term debt instruments will mature. Applying a hypothetical change in the rate of interest charged by 10% on those borrowings, would not have a material effect on our earnings.

Our risks associated with commodity price increases for chemicals, electricity and other commodities are reduced through contractual arrangements and the ability to recover price increases through rates. Non-performance by these commodity suppliers could have a material adverse impact on our results of operations, financial position and cash flows.

We are exposed to credit risk for both our Regulated and Non-Regulated business segments. Our Regulated operations serve residential, commercial, industrial and municipal customers while our Non-Regulated operations engage in business activities with developers, government entities and other customers. Our primary credit risk is exposure to customer default on contractual obligations and the associated loss that may be incurred due to the non-payment of customer accounts receivable balances. Our credit risk is managed through established credit and collection policies which are in compliance with applicable regulatory requirements and involve monitoring of customer exposure and the use of credit risk mitigation measures such as letters of credit or prepayment arrangements. Our credit portfolio is diversified with no significant customer or industry concentrations. In addition, our Regulated businesses are generally able to recover all prudently incurred costs including uncollectible customer accounts receivable expenses and collection costs through rates.

The Company's postretirement benefit plan assets are exposed to the market prices of debt and equity securities. Changes to the Company's postretirement benefit plan assets' value can impact the Company's postretirement benefit plan expense, funded status and future minimum funding requirements. Our risk is reduced through our ability to recover postretirement benefit plan costs through rates.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As required by Rule 13a-15 under the Securities and Exchange Act of 1934 (the Exchange Act), an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures was conducted by the Company's Chief Executive Officer along with the Company's Chief Financial Officer. Based upon that evaluation, the Company's Chief Executive Officer and the Company's Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective as of the end of the period covered by this Report. There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in Company reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in Company reports filed under the Exchange Act is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer as appropriate, to allow timely decisions regarding disclosure.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

The information about risk factors does not differ materially from those set forth in Part I, Item 1A. of the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

31.1	Section 302 Certification by Dennis W. Doll pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.
31.2	Section 302 Certification by A. Bruce O'Connor pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.
32.1	Section 906 Certification by Dennis W. Doll pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.2	Section 906 Certification by A. Bruce O'Connor pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Labels Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MIDDLESEX WATER COMPANY

By: /s/A. Bruce O'Connor
A. Bruce O'Connor
Vice President and
Chief Financial Officer
(Principal Accounting Officer)

Date: November 6, 2013

Exhibit 31.1

SECTION 302 CERTIFICATION PURSUANT TO RULES 13a-14 AND 15d-14 OF THE SECURITIES EXCHANGE ACT OF 1934

I, Dennis W. Doll, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Middlesex Water Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have;

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Dennis W. Doll
Dennis W. Doll
Chief Executive Officer

Date: November 6, 2013

Exhibit 31.2

SECTION 302 CERTIFICATION PURSUANT TO RULES 13a-14 AND 15d-14 OF THE SECURITIES EXCHANGE ACT OF 1934

I, A. Bruce O'Connor, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Middlesex Water Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have;

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ A. Bruce O'Connor
A. Bruce O'Connor
Chief Financial Officer

Date: November 6, 2013

Exhibit 32.1

SECTION 906 CERTIFICATION PURSUANT TO 18 U.S.C. §1350

I, Dennis W. Doll, hereby certify that, to the best of my knowledge, the periodic report being filed herewith containing financial statements fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)) and that information contained in said periodic report fairly presents, in all material respects, the financial condition and results of operations of Middlesex Water Company for the period covered by said periodic report.

/s/ Dennis W. Doll
Dennis W. Doll
Chief Executive Officer

Date: November 6, 2013

A signed original of this written statement required by Section 906 has been provided to Middlesex Water Company and will be retained by Middlesex Water Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

SECTION 906 CERTIFICATION PURSUANT TO 18 U.S.C. §1350

I, A. Bruce O'Connor, hereby certify that, to the best of my knowledge, the periodic report being filed herewith containing financial statements fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)) and that information contained in said periodic report fairly presents, in all material respects, the financial condition and results of operations of Middlesex Water Company for the period covered by said periodic report.

/s/ A. Bruce O'Connor
A. Bruce O'Connor
Chief Financial Officer

Date: November 6, 2013

A signed original of this written statement required by Section 906 has been provided to Middlesex Water Company and will be retained by Middlesex Water Company and furnished to the Securities and Exchange Commission or its staff upon request.

PROSPECTUS SUPPLEMENT
(TO PROSPECTUS DATED MAY 13, 2010)

1,700,000 Shares

MIDDLESEX WATER COMPANY

Common Stock

We are offering up to 1,700,000 shares of our common stock in this offering.

Our common stock is listed for trading on the Nasdaq Global Select Market under the symbol "MSEX." The last sale price as reported on the Nasdaq Global Select Market on June 8, 2010, was $15.21 per share.

We have granted the underwriters an option, exercisable within 30 days after the date of this prospectus supplement, to purchase up to 255,000 additional shares of common stock upon the same terms to cover over-allotments, if any.

Investing in our common stock involves risk. See "Risk Factors" on page S-5.

	Per Share	Total
Public offering price	$15.21	$25,857,000
Underwriting discounts and commissions	$ 0.60	$ 1,020,000
Proceeds, before expenses, to us	$14.61	$24,837,000

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Janney Montgomery Scott LLC, on behalf of the underwriters, expects to deliver the shares on or about June 11, 2010.

Janney Montgomery Scott

Edward Jones

The date of this prospectus supplement is June 8, 2010.

TABLE OF CONTENTS

Prospectus Supplement

Prospectus

You should rely only on the information contained in, or incorporated by reference into, this document. We have not, and the underwriters have not, authorized anyone to give you different or additional information. You should not assume that the information contained in, or incorporated by reference into, this document is accurate as of any date after the respective dates of the documents containing the information. Our business, financial condition, results of operations and prospects may have changed since that date. This document is not an offer to sell, nor is it seeking an offer to buy shares of our common stock in any jurisdiction in which the offer or sale is not permitted.

ABOUT THIS PROSPECTUS SUPPLEMENT

For purposes of this prospectus supplement and the accompanying prospectus, unless the context otherwise indicates, when we refer to "the Company," "us," "we," or "ours," we are describing ourselves, Middlesex Water Company, together with our subsidiaries.

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering and also adds to, updates and changes information contained in the accompanying prospectus. The second part is the accompanying prospectus, which provides more general information, including information about other types of offerings of our common stock that we may make under the accompanying prospectus. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus, on the other hand, you should rely on the information in this prospectus supplement.

It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus, including the documents we reference in the section titled "Incorporation of Certain Information by Reference." The information incorporated by reference is considered part of this prospectus supplement, and information we file later with the Securities and Exchange Commission, or the SEC, may automatically update and supersede this information.

To avoid repeating information in this prospectus supplement that we have already filed with the SEC, we have incorporated by reference the filings (File No. 000-00422) listed below. This information is considered a part of this prospectus supplement. These documents are as follows:

- Our Annual Report on Form 10-K for the year ended December 31, 2009;
- Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010;
- Our Current Report on Form 8-K filed with the SEC on March 18, 2010;
- Our Current Report on Form 8-K filed with the SEC on March 26, 2010;
- Our Current Report on Form 8-K filed with the SEC on April 30, 2010;
- Our Current Report on Form 8-K filed with the SEC on May 26, 2010;
- Our Current Report on Form 8-K filed with the SEC on May 27, 2010; and
- The items of our proxy statement on Schedule 14A for our 2010 Annual Meeting of Shareholders that have been incorporated by reference into our most recent Annual Report on Form 10-K.

All documents that we file after the date of the initial registration statement of which this prospectus supplement is a part pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), prior to the effectiveness of the registration statement as well as the date of this prospectus supplement and before the termination of the offering of our securities, shall be deemed to be incorporated by reference into this prospectus supplement. All future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, prior to the termination of the offering, shall be deemed to be incorporated by reference into this prospectus supplement. Unless specifically stated to the contrary, none of the information that we disclose under Items 2.02 or 7.01 of any Current Report on Form 8-K that we may from time to time furnish to the SEC will be incorporated by reference into, or otherwise included in, this prospectus supplement.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this prospectus supplement and in the documents incorporated by reference constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933, as amended. Middlesex Water Company (the "Company") intends that these statements be covered by the safe harbors created under those laws. These statements include, but are not limited to:

- statements as to expected financial condition, performance, prospects and earnings of the Company;
- statements regarding strategic plans for growth;
- statements regarding the amount and timing of rate increases and other regulatory matters, including the recovery of certain costs recorded as regulatory assets;
- statements as to the Company's expected liquidity needs during the upcoming fiscal year and beyond and statements as to the sources and availability of funds to meet its liquidity needs;
- statements as to expected rates, consumption volumes, service fees, revenues, margins, expenses and operating results;
- statements as to the Company's compliance with environmental laws and regulations and estimations of the materiality of any related costs;
- statements as to the safety and reliability of the Company's equipment, facilities and operations;
- statements as to financial projections;
- statements as to the ability of the Company to pay dividends;
- statements as to the Company's plans to renew municipal franchises and consents in the territories it serves;
- expectations as to the amount of cash contributions to fund the Company's retirement benefit plans, including statements as to anticipated discount rates and rates of return on plan assets;
- statements as to trends; and
- statements regarding the availability and quality of our water supply.

These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by the forward-looking statements. Important factors that could cause actual results to differ materially from anticipated results and outcomes include, but are not limited to:

- the effects of general economic conditions;
- increases in competition in the markets served by the Company;
- the ability of the Company to control operating expenses and to achieve efficiencies in its operations;
- the availability of adequate supplies of water;
- actions taken by government regulators, including decisions on base rate increase requests;
- new or additional water quality standards;
- weather variations and other natural phenomena;
- the existence of attractive acquisition candidates and the risks involved in pursuing those acquisitions;

- acts of war or terrorism;
- significant changes in housing starts in Delaware;
- the availability and cost of capital resources;
- the ability to translate Preliminary Survey & Investigation charges into viable projects; and
- other factors discussed elsewhere in this prospectus supplement.

Many of these factors are beyond the Company's ability to control or predict. Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements, which only speak to the Company's understanding as of the date of this prospectus. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

For an additional discussion of factors that may affect the Company's business and results of operations, see section entitled "Risk Factors".

SUMMARY

This summary highlights selected information appearing elsewhere or incorporated by reference in this prospectus supplement and accompanying prospectus and may not contain all of the information that is important to you. This prospectus supplement and the accompanying prospectus include or incorporate by reference information about the shares we are offering as well as information regarding our business and detailed financial data. You should read this prospectus supplement, the accompanying prospectus and any information incorporated by reference herein and therein in their entirety before making an investment decision.

The terms "Company," "we," "our," and "us" refer to Middlesex Water Company and its subsidiaries, including Tidewater Utilities, Inc. ("Tidewater"), and Tidewater's wholly-owned subsidiaries, Southern Shores Water Company, LLC ("Southern Shores") and White Marsh Environmental Systems, Inc. ("White Marsh"), Tidewater Environmental Services, Inc. ("TESI"), Pinelands Water Company ("Pinelands Water"), Pinelands Wastewater Company ("Pinelands Wastewater"), Utility Service Affiliates, Inc. ("USA"), Utility Service Affiliates (Perth Amboy), Inc. ("USA-PA"), and Twin Lakes Utilities, Inc. ("Twin Lakes"). The term "you" refers to a prospective investor. The term "Middlesex System" refers to our central New Jersey water utility. To understand the offering fully and for a more complete description of the offering you should read this entire document carefully, including especially the "Risk Factors" section, as well as the documents to which we have referred you in the section entitled "Where You Can Find More Information."

Our Company

Middlesex Water Company has operated as a water utility in New Jersey since 1897, in Delaware, through our wholly-owned subsidiary, Tidewater, since 1992 and in Pennsylvania, through our wholly-owned subsidiary, Twin Lakes, since 2009. We are in the business of collecting, treating, distributing and selling water for domestic, commercial, municipal, industrial and fire protection purposes. We also operate a New Jersey municipal water and wastewater system under contract and provide wastewater services in New Jersey and Delaware through our subsidiaries. We are regulated as to the rates charged to customers for water and wastewater services, as to the quality of water service we provide and as to certain other matters. We are regulated in New Jersey by the New Jersey Board of Public Utilities (the "NJBPU"), in Delaware by the Delaware Public Service Commission (the "DEPSC"), and in Pennsylvania by the Pennsylvania Public Utilities Commission (the "PAPUC"). Only our USA, USA-PA and White Marsh subsidiaries are not regulated utilities.

Our Middlesex System provides water services to approximately 59,800 retail customers, primarily in central New Jersey. The Middlesex System also provides water service under contract to municipalities in central New Jersey with a total population of approximately 303,000. Through our subsidiary, USA-PA, we operate the water supply system and wastewater system for the City of Perth Amboy, New Jersey. Our other New Jersey subsidiaries, Pinelands Water and Pinelands Wastewater, provide water and wastewater services to residents in Southampton Township, New Jersey. Our USA subsidiary offers residential customers in New Jersey and Delaware a service line maintenance program called Linecare^{SM}.

Our Delaware subsidiaries, Tidewater and Southern Shores, provide water services to approximately 33,200 retail customers in New Castle, Kent and Sussex Counties, Delaware. Our TESI subsidiary provides regulated wastewater service to approximately 1,900 residential retail customers in Delaware. Our White Marsh subsidiary serves an additional 7,200 customers under unregulated operating contracts with various owners of small water and wastewater systems in Kent and Sussex Counties.

Our Twin Lakes subsidiary provides water system services to 120 retail customers in Shohola, Pennsylvania.

Our Strategy

Our strategy is focused on four key areas:

- Serve as a trusted and continually-improving provider of safe, reliable and cost-effective water, wastewater and related services.
- Provide a comprehensive suite of water and wastewater solutions in the continually developing Delaware market that results in profitable growth.
- Pursue profitable growth in our states of New Jersey and Delaware as well as in additional states.
- Invest in products, services and other viable opportunities that complement our core competencies.

Corporate Information

Our executive offices are located at 1500 Ronson Road, Iselin, New Jersey 08830-3020. Our telephone number is (732) 634-1500 and our website is located at *www.middlesexwater.com*. The information on our website is not part of this prospectus.

Summary Consolidated Financial Data

The following table sets forth summary consolidated financial data for the periods indicated. The summary consolidated financial data as of March 31, 2010 and 2009, and for the three-month periods ended March 31, 2010 and 2009 have been derived from our unaudited financial statements which have been incorporated by reference in this prospectus supplement, and in the opinion of management, contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of March 31, 2010 and 2009, and the results of operations for the three-month periods ended March 31, 2010 and 2009. The summary consolidated financial data as of December 31, 2009, 2008 and 2007, and for each of the one-year periods ended December 31, 2009, 2008 and 2007 have been derived from our audited financial statements, which have been incorporated by reference in this prospectus supplement. The information set forth below should be read in conjunction with the Consolidated Financial Statements and accompanying Notes to Consolidated Financial Statements incorporated by reference in this prospectus supplement. Historical operating results are not necessarily indicative of results for any other period and operating results for the three months ended March 31, 2010, are not necessarily indicative of operating results which may be expected for the full year.

Income Statement Data:

	Three Months ended March 31,		Years ended December 31,		
	2010	2009	2009	2008	2007
	(Unaudited)				
	(In thousands, except per share data)				
Operating Revenues	$21,645	$20,583	$91,243	$91,038	$86,114
Operating Expenses	18,357	17,581	71,082	67,019	63,443
Interest Expense	1,424	1,392	6,750	7,057	6,619
Net Income	1,560	1,361	9,977	12,208	11,843
Earnings Applicable to Common Stock	1,508	1,309	9,769	11,990	11,595
Earnings Per Share of Common Stock:					
Basic	$ 0.11	$ 0.10	$ 0.73	$ 0.90	$ 0.88
Diluted	$ 0.11	$ 0.10	$ 0.72	$ 0.89	$ 0.87
Dividends Paid Per Share of Common Stock	$0.1800	$0.1775	$0.7130	$0.7030	$0.6930
Average Number of Shares Outstanding:					
Basic	13,538	13,413	13,454	13,317	13,203
Diluted	13,801	13,676	13,716	13,615	13,534

Balance Sheet Data:

	As of March 31,		As of December 31,		
	2010	2009	2009	2008	2007
	(Unaudited)				
	(In thousands)				
Utility Plant-Net	$379,963	$364,813	$376,544	$359,527	$333,852
Total Assets	462,771	443,351	458,086	440,000	392,675
Long-Term Debt (excluding current portion)	133,832	124,351	124,910	118,217	131,615
Short-Term Debt	41,465	40,333	46,560	43,862	8,973
Common Equity	139,387	137,106	139,631	137,803	133,178

RISK FACTORS

Investing in our securities involves significant risks. Before making an investment decision, you should carefully consider the risk factors incorporated by reference into this prospectus supplement under "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2009, as the same may be updated from time to time by our future filings with the SEC under the Securities Exchange Act of 1934, as amended. You should also refer to the other information contained in or incorporated by reference in this prospectus supplement, including our financial statements and the related notes incorporated by reference herein. Additional risks and uncertainties not presently known to us at this time or that we deem immaterial may also materially and adversely affect our business and operations. In that case, the trading price of our securities could decline and you might lose all or part of your investment.

USE OF PROCEEDS

Based on the offering price of $15.21, we estimate that the net proceeds to us from this offering will be approximately $24.6 million ($28.3 million if the underwriters' over-allotment is exercised in full), after the payment of assumed underwriting discounts and commissions and estimated offering expenses by us.

We expect to use all of the net proceeds to reduce the balance of our outstanding short-term borrowings, which consist of borrowings from PNC Bank, National Association ($20.0 million at 1.34% interest, with a rolling maturity date), Bank of America, N.A. ($14.0 million at 1.56% interest, with a rolling maturity date), and CoBANK, ACB ($4.0 million at 2.35% interest, with a rolling maturity date). These short-term borrowings were primarily incurred to finance our enterprise-wide capital program and satisfy our maturity obligations on a first mortgage bond. The capital program amounted to $19.3 million for the twelve months ended March 31, 2010 and the $15.0 million Series W first mortgage bond was retired in February 2009.

CAPITALIZATION

The following table sets forth, as of March 31, 2010, our capitalization on an actual basis and on an adjusted basis to give effect to the sale of the shares of common stock in this offering and the anticipated application of the estimated net proceeds of $24.6 million from this offering to repay short-term borrowings. This table should be read in conjunction with our Consolidated Financial Statements and the Notes to Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 that are incorporated by reference herein.

	As of March 31, 2010			
	Actual	% of Capitalization	As Adjusted(3)	% of Capitalization
		(Unaudited) (In Thousands)		
Common Stock Equity	$139,387	50.4%	$163,964	54.4%
Preferred Stock				
Convertible	2,273	0.8%	2,273	0.8%
Nonredeemable	1,100	0.4%	1,100	0.4%
Long-Term Debt(1)	133,832	48.4%	133,832	44.4%
Total Capitalization	$276,592	100.0%	$301,169	100.0%
Short-Term Debt(2)	$ 41,465		$ 16,888	

(1) Excludes current maturities of long-term debt.

(2) Includes current maturities of long-term debt.

(3) As adjusted, assuming no exercise of the over-allotment option.

COMMON STOCK PRICE RANGE AND DIVIDENDS

Our common stock is listed on the Nasdaq Global Select Market and trades under the symbol "MSEX." On June 8, 2010 we had 1,946 common shareholders of record. The following table sets forth the range of sales prices of the common stock, as reported by the Nasdaq Global Select Market and dividends paid per share.

	High	Low	Quarterly Dividend Per Share
2010			
Second Quarter (through June 8, 2010)	$18.70	$15.19	$0.1800
First Quarter	18.00	16.16	0.1800
2009			
Fourth Quarter	$17.91	$14.74	$0.1800
Third Quarter	15.89	13.62	0.1775
Second Quarter	15.29	12.61	0.1775
First Quarter	17.71	11.64	0.1775
2008			
Fourth Quarter	$17.93	$12.05	$0.1775
Third Quarter	18.52	15.68	0.1750
Second Quarter	19.23	16.59	0.1750
First Quarter	19.83	17.25	0.1750

The closing price of our common stock as reported on the Nasdaq Global Select Market on June 8, 2010 was $15.21 per share.

UNDERWRITING

Janney Montgomery Scott LLC and Edward D. Jones & Co., L.P. are the underwriters. Subject to the terms and conditions of an underwriting agreement dated June 8, 2010, the underwriters have agreed to purchase, and we have agreed to sell to the underwriters, the number of shares of common stock set forth opposite their respective names below at the public offering price less the underwriting discount on the cover page of this prospectus supplement.

Underwriters	Number of Shares
Janney Montgomery Scott LLC	1,530,000
Edward D. Jones & Co., L.P.	170,000
Total	1,700,000

The underwriting agreement provides that obligations of the underwriters to purchase the shares that are being offered are subject to the approval of certain legal matters by counsel to the underwriters and to certain other conditions. Each underwriter is obligated to purchase all of the shares of common stock set forth opposite its name above being offered by this prospectus supplement (other than shares of common stock covered by the over-allotment option described below) if it purchases any of such shares of common stock.

The underwriters propose to offer some of the shares of common stock to the public initially at the offering price per share shown on the cover page of this prospectus supplement and may offer shares to certain dealers at such price less a concession not in excess of $0.34 per share. The underwriters may allow, and such dealers may reallow, a concession not in excess of $0.10 per share to certain other dealers. After the public offering of the common stock, the public offering price and the concessions may be changed by the underwriters.

The following table shows the per share and total underwriting discount to be paid to the underwriters by us. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase the over-allotment shares:

	Per Share		Total	
	Without Over-allotment	With Over-allotment	Without Over-allotment	With Over-allotment
Underwriter discounts and commissions to be paid by us	$0.60	$0.60	$1,020,000	$1,173,000

We estimate that our out-of-pocket expenses for this offering, including the non-accountable expense allowance of $50,000 to be paid to the underwriters, will be approximately $260,000.

We have granted to the underwriters an option, exercisable for up to 30 days after the date of this prospectus supplement, to purchase up to 255,000 additional shares of common stock, at the same price per share as the public offering price, less the underwriting discounts and commissions shown on the cover page of this prospectus supplement. The underwriters may exercise such option only to cover over-allotments in the sale of the shares of common stock offered by this prospectus supplement. To the extent the underwriters exercise this option, each of the underwriters has a firm commitment, subject to certain conditions, to purchase a number of the additional shares of common stock proportionate to such underwriter's initial commitment as indicated in the table above that lists the underwriters.

In connection with this offering and in compliance with applicable securities laws, the underwriters may over-allot (i.e., sell more shares of common stock than is shown on the cover page of this prospectus supplement) and may effect transactions that stabilize, maintain or otherwise affect the market price of the common stock at levels above those which might otherwise prevail in the open market. Such transactions may include making short sales and placing bids for the common stock or effecting purchases of the common stock for the purpose of pegging, fixing or maintaining the price of the common stock or for the purpose of reducing a short position created in connection with the offering. A short position may be covered by exercise of the over-allotment option described above in place of or in addition to open market purchases.

Additionally, the underwriters may engage in syndicate covering transactions, which involve purchases of shares of common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option.

The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering.

The underwriters may also impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the shares of the common stock originally sold by that syndicate member are purchased in a stabilizing transaction or syndicate covering transaction to cover syndicate short positions. The imposition of a penalty bid may have an effect on the price of the common stock to the extent that it may discourage resales of the common stock.

In connection with this offering, the underwriters, selling group members or their respective affiliates who are qualified market makers on the Nasdaq Global Select Market may engage in passive market making transactions in our common stock on the Nasdaq Global Select Market in accordance with Rule 103 of Regulation M under the Securities Exchange Act of 1934, as amended, during the period prior to the pricing of the offering before the commencement of offers and sales of the common stock. Passive market makers must comply with applicable volume and price limitations and must be identified as such. In general, a passive market maker must display its bid at a price not in excess of the highest independent bid for such security. If all independent bids are lowered below the passive market maker's bid, however, such bid must then be lowered when certain purchase limits are exceeded.

We and the underwriters make no representation or prediction as to the direction or magnitude of any effect that these transactions may have on the price of the common stock. In addition, we and the underwriters make no representation that the underwriters will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

Each underwriter does not intend to confirm sales of the common stock to any accounts over which it exercises discretionary authority.

The underwriting agreement provides that our directors and executive officers will agree not to, directly or indirectly, sell or otherwise dispose of any of our common shares for a period of 90 days after the completion of this offering, without the prior written consent of Janney Montgomery Scott LLC, on behalf of the underwriters. Together, this group owns, prior to the offering, 3.9% of the outstanding common shares on June 8, 2010. We have also agreed to make no such sales during this period except in connection with the issuance of shares pursuant to our stock option plan for eligible employees, outside director stock compensation plan, and dividend reinvestment and common stock purchase plan.

We have agreed to indemnify the underwriters against certain liabilities that may be incurred in connection with this offering, including liabilities under the Securities Act of 1933, as amended, and to contribute to payments the underwriters may be required to make in respect thereof.

The underwriters and their affiliates may from time to time in the future provide investment banking and other services to us for which they are expected to receive customary fees and commissions.

PROSPECTUS

MIDDLESEX WATER COMPANY

5,000,000 Shares of Common Stock

This prospectus relates to 5,000,000 shares of our common stock that we may sell from time to time in one or more offerings. This prospectus will allow us to issue and sell shares over time. We will provide a prospectus supplement each time we issue shares, which will inform you about the specific terms of that offering and may also supplement, update or amend information contained in this document. You should read this prospectus and each applicable prospectus supplement carefully before you invest.

Our common stock is listed for trading on The Nasdaq Global Select Market under the symbol "MSEX". On May 12, 2010, the last reported sale price for our common stock was $18.47 per share.

We may sell securities directly to you or through underwriters, dealers or agents. The names of any underwriters, dealers or agents involved in the sale of any securities and the specific manner in which they may be offered will be set forth in the prospectus supplement covering the sale of these securities.

Investing in our common stock involves risk. See "Risk Factors" beginning on page 3 of this prospectus.

This prospectus may not be used to offer or sell any securities unless accompanied by a prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 13, 2010.

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TABLE OF CONTENTS

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ABOUT THIS PROSPECTUS

This Prospectus is part of a registration statement that we filed with the United States Securities and Exchange Commission (the "SEC") using a "shelf" registration process. Under this shelf process, we may, from time to time, sell common stock in one or more offerings under this registration statement. This prospectus provides you with a general description of the securities we may offer. Each time we sell any securities under this prospectus, we will provide a prospectus supplement filed with the SEC that will contain specific information about the terms of that offering. The prospectus supplement also may add, update or change information contained in this prospectus. You should read this prospectus and the applicable prospectus supplement together with the additional information described below under the heading "Where You Can Find More Information" before you decide whether to invest in our securities.

The registration statement (including the exhibits) of which this prospectus is a part contains additional information about us and the securities we may offer under this prospectus. We may file certain other legal documents that will control the terms of the securities we may offer under this prospectus as exhibits to the registration statement or as exhibits to reports we file with the SEC. The registration statement and the reports can be read at the SEC web site or at the SEC offices mentioned under the heading "Where You Can Find More Information."

You should rely only upon the information contained in, or incorporated into, this prospectus and the applicable prospectus supplement that contains specific information about the securities we are offering. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this document is accurate only as of the date on the front cover of this document. Our business, financial condition, results of operations and prospects may have changed since that date.

The terms "Company" "we," "our," and "us" refer to Middlesex Water Company and its subsidiaries, including Tidewater Utilities, Inc. ("Tidewater") (and Tidewater's wholly-owned subsidiaries, Southern Shores Water Company, LLC ("Southern Shores") and White Marsh Environmental Systems, Inc. ("White Marsh")), Tidewater Environmental Services, Inc. ("TESI"), Pinelands Water Company ("Pinelands Water") and Pinelands Wastewater Company ("Pinelands Wastewater" and, collectively with Pinelands Water, "Pinelands"), Utility Service Affiliates, Inc. ("USA"), Utility Service Affiliates (Perth Amboy) Inc., ("USA-PA"), and Twin Lakes Utilities, Inc. ("Twin Lakes"). The term "you" refers to a prospective investor. The term "Middlesex System" refers to our central New Jersey water utility. To understand the offering fully and for a more complete description of the offering you should read this entire document and the prospectus supplement carefully, including especially the "Risk Factors" section, as well as the documents to which we have referred you in the section entitled "Where You Can Find More Information."

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Our Middlesex System provides water services to approximately 59,800 retail customers, primarily in central New Jersey. The Middlesex System also provides water service under contract to municipalities in central New Jersey with a total population of approximately 303,000. Through our subsidiary, USA-PA, we operate the water supply system and wastewater system for the City of Perth Amboy, New Jersey. Our other New Jersey subsidiaries, Pinelands Water and Pinelands Wastewater, provide water and wastewater services to residents in Southampton Township, New Jersey. Our USA subsidiary offers residential customers in New Jersey and Delaware a service line maintenance program called Linecare^{SM}.

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Our strategy is focused on four key areas:

- Serve as a trusted and continually-improving provider of safe, reliable and cost-effective water, wastewater and related services.
- Provide a comprehensive suite of water and wastewater solutions in the continually-developing Delaware market that results in profitable growth.
- Pursue profitable growth in our core states of New Jersey and Delaware, as well as additional states.
- Invest in products, services and other viable opportunities that complement our core competencies.

Recent Developments

Middlesex Rate Matters

On March 17, 2010, Middlesex's application with the NJBPU seeking permission to increase its base rates was partially approved, granting an increase in annual operating revenues of 13.57%, or $7.8 million. The rate increase request was made to seek recovery of increased costs of operations, chemicals and fuel, electricity, taxes, labor and benefits, decreases in industrial and commercial customer demand patterns, as well as capital investment. The new rates are designed to recover these increased costs, as well as a return on invested capital in rate base of $180.3 million based on a return on equity of 10.30%.

Corporate Information

Our executive offices are located at 1500 Ronson Road, Iselin, New Jersey 08830-3020. Our telephone number is (732) 634-1500 and our website is *www.middlesexwater.com*. The information on our website is not part of this prospectus.

RISK FACTORS

Investing in our securities involves significant risks. Before making an investment decision, you should carefully read and consider the risk factors incorporated by reference into this prospectus under "Risk Factors" in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2009, as the same may be updated from time to time by our future filings with the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). You should also refer to other information contained in or incorporated by reference into this prospectus and any applicable prospectus supplement, including our financial statements and the related notes incorporated by reference herein. Additional risks and uncertainties not presently known to us at this time or that we currently deem immaterial may also materially and adversely affect our business and operations. In such case, the trading price of our securities could decline and you might lose all or part of your investment.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this prospectus and in the documents incorporated by reference herein constitute "forward-looking statements" within the meaning of Section 21E of the Exchange Act and Section 27A of the Securities Act of 1933, as amended (the "Securities Act"). The Company intends that these statements be covered by the safe harbors created under those sections. These statements include, but are not limited to:

- statements as to expected financial condition, performance, prospects and earnings of the Company;
- statements regarding strategic plans for growth;
- statements regarding the amount and timing of rate increases and other regulatory matters, including the recovery of certain costs recorded as regulatory assets;
- statements as to the Company's expected liquidity needs during the upcoming fiscal year and beyond and statements as to the sources and availability of funds to meet its liquidity needs;
- statements as to expected rates, consumption volumes, service fees, revenues, margins, expenses and operating results;
- statements as to the Company's compliance with environmental laws and regulations and estimations of the materiality of any related costs;
- statements as to the safety and reliability of the Company's equipment, facilities and operations;
- statements as to financial projections;
- statements as to the ability of the Company to pay dividends;
- statements as to the Company's plans to renew municipal franchises and consents in the territories it serves;
- expectations as to the amount of cash contributions to fund the Company's retirement benefit plans, including statements as to anticipated discount rates and rates of return on plan assets;
- statements as to trends; and
- statements regarding the availability and quality of our water supply.

These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by the forward-looking statements. Important factors that could cause actual results to differ materially from anticipated results and outcomes include, but are not limited to:

- the effects of general economic conditions;
- increases in competition in the markets served by the Company;
- the ability of the Company to control operating expenses and to achieve efficiencies in its operations;
- the availability of adequate supplies of water;
- actions taken by government regulators, including decisions on base rate increase requests;
- new or additional water quality standards;
- weather variations and other natural phenomena;
- the existence of financially attractive acquisition candidates and the risks involved in pursuing those acquisitions;
- acts of war or terrorism;
- significant changes in housing starts in Delaware;
- the availability and cost of capital resources;
- the ability to translate Preliminary Survey & Investigation charges into viable projects; and
- other factors discussed elsewhere in this prospectus.

Many of these factors are beyond the Company's ability to control or predict. Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements, which only speak to the Company's understanding as of the date of this prospectus. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

For an additional discussion of factors that may affect the Company's business and results of operations, see "Risk Factors."

USE OF PROCEEDS

We will receive all of the net proceeds from the sale of shares of our common stock. Unless otherwise specified in a prospectus supplement accompanying this prospectus, we expect to use the net proceeds from the sale of our shares for general corporate purposes, which may include, among other things, reduction or refinancing of debt or other corporate obligations, the financing of capital expenditures and working capital.

The actual application of proceeds from the sale of shares of our common stock issued hereunder will be described in the applicable prospectus supplement relating thereto. Our management will have broad discretion in the allocation of net proceeds from the sale of any securities sold by us.

DESCRIPTION OF CAPITAL STOCK

Our authorized capital stock consists of 40,000,000 shares of common stock, without par value, 134,472 shares of Preferred Stock, without par value, and 100,000 shares of Preference Stock, without par value. As of April 29, 2010, there were 13,566,281 shares of common stock outstanding, an aggregate of 31,873 shares of Preferred Stock outstanding in four separate series and no shares of Preference Stock outstanding. The issuance of the common stock offered hereby is subject to approval by the NJBPU.

The transfer agent for the common stock is Registrar and Transfer Company. Our outstanding common stock is traded on The Nasdaq Global Select Market under the symbol "MSEX".

Certain New Jersey state laws and provisions in our Restated Certificate of Incorporation may deter or prevent a change in control of us and/or a change in management, even if desired by a majority of the shareholders.

The following is a brief summary of certain information relating to our common stock, Preferred Stock and Preference Stock. This summary does not purport to be complete and is intended to outline such information in general terms only.

Dividend Rights

Our Restated Certificate of Incorporation provides that whenever full dividends have been paid on the Preferred Stock and the Preference Stock outstanding for all past quarterly periods, the Board of Directors may declare and pay dividends on the common stock out of legally available funds.

The dividend rate for our varying classes of Preferred Stock is as follows: $7 per share per annum for the $7 Series Cumulative Preferred Stock, $4.75 per share per annum for the $4.75 Series Cumulative Preferred Stock, $7 per share per annum for the $7 Cumulative and Convertible Preferred Stock, and $8 per share per annum for the $8 Series Cumulative and Convertible Preferred Stock. As of the quarter ended March 31, 2010, all such dividends have been paid.

Voting Rights

Every holder of our common stock is entitled to one vote for each share held of record. Our Restated Certificate of Incorporation and By-laws provide for a Board of Directors divided into three classes of directors serving staggered three-year terms. A classified board has the effect of increasing the time required to effect a change in control of the Board of Directors. Our By-laws provide that nominations for directors must be (i) made in writing, (ii) received by the Secretary of the Company not less than 21 days prior to the date fixed for the meeting of shareholders and (iii) accompanied by the written consent of the nominee to serve as a director. In addition, the Restated Certificate of Incorporation provides that the By-laws may only be amended by shareholders if the holders of two-thirds or more of the issued and outstanding shares of common stock vote for the amendment. Our Restated Certificate of Incorporation also provides that shareholders may take action only at an annual or special meeting upon prior notice and pursuant to a vote.

No holder of Preferred Stock has any right to vote for the election of directors or, except as otherwise required by law, for any other purpose; provided, however, that if and whenever dividends on the outstanding Preferred Stock are in arrears in an amount equal to at least four quarterly dividends, the holders of the outstanding Preferred Stock of all series, voting as a class, are entitled, until all dividends in arrears are paid, to elect two members to the Board of Directors, which two members shall be in addition to the directors elected by the holders of the common stock. Holders of Preference Stock (none of which has been issued) will have such voting rights as are established by the Board of Directors, provided that such voting rights will not exceed or be superior to the voting rights of the holders of common stock. Whenever dividends on the outstanding Preference Stock are in arrears in an amount equal to at least four quarterly dividends, the holders of the outstanding Preference Stock of all series, voting as a class, are entitled, until all dividends in arrears are paid, to elect two members to the Board of Directors, which two members shall be in addition to the members elected by the holders of the common stock and by the holders of Preferred Stock. In addition, unless certain tests set forth in our charter are met, the consent of the holders of a majority of the outstanding shares of Preferred Stock of all series, voting as a class, is required for issuance or sale of any additional series of Preferred Stock or any class of stock ranking prior to or on a parity with Preferred Stock as to dividends or distributions. The consent of the holders of a majority in interest of the outstanding Preference Stock of all series, voting as a class, is required to create or authorize any stock ranking prior to Preference Stock as to dividends or in liquidation, or to create or authorize any obligation or security convertible into shares of any such stock, except that such consent is not required with respect to any increase in the number of shares of Preferred Stock which we are authorized to issue or with respect to the creation and establishment of any series of our Preferred Stock.

Convertibility

The conversion feature of the no par $7.00 Series Cumulative and Convertible Preferred Stock allows the holders of such shares of such Preferred Stock to exchange one convertible preferred share for twelve shares of our common stock. In addition, such may redeem up to 10% of the outstanding convertible stock in any calendar year at a price equal to the fair market value of twelve shares of our common stock for each share of convertible stock redeemed.

The conversion feature of the no par $8.00 Series Cumulative and Convertible Preferred Stock allows us to exchange one convertible share of such Preferred Stock for 13.714 shares of our common stock.

The other series of our Preferred Stock and the Preference Stock are not convertible into shares of common stock.

Liquidation Rights

Holders of common stock are entitled to share on a pro-rata basis, subject to the rights of holders of our First Mortgage Bonds, Preferred Stock and Preference Stock, in our assets legally available for distribution to shareholders in the event of our liquidation, dissolution or winding up.

Restriction on Acquisitions

As a New Jersey corporation with its headquarters and principal operations in that state, we are a "resident domestic corporation" as defined in New Jersey's Shareholder Protection Act (the "Act"). The Act bars any "business combination" as defined in the Act (generally, a merger or other acquisition transaction) with any person or affiliate of a person who owns 10% or more of the outstanding voting stock of a resident domestic corporation for a period of five years after such person first owns 10% or more of such stock, unless the "business combination" both is approved by the board of directors of the resident domestic corporation prior to the time that person acquires 10% or more of the resident domestic corporation's voting stock and meets certain other statutory criteria.

DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

We have an Amended and Restated Dividend Reinvestment and Common Stock Purchase Plan (the "DRP") under which (i) any person not currently a shareholder may purchase shares of common stock having an aggregate value of at least $500 and not more than $10,000, and (ii) any current shareholders may have cash dividends on all or a portion of their shares of common stock or Preferred Stock automatically reinvested in newly issued shares of common stock and may invest up to an additional $25,000 per quarter in newly issued shares of common stock. Under the DRP, we may permit the purchase of shares of common stock at ninety-five percent (95%) of market value for specified periods as announced by us from time to time. We last authorized the purchase of shares of common stock at ninety-five percent (95%) of market value during the period beginning February 1, 2010 and ending June 1, 2010. After June 1, 2010, the purchase of shares under the DRP will be made at one hundred percent (100%) of fair market value. No commission or service charge is paid by participants in connection with any of their purchases under the DRP. The cumulative amount of shares issued under the DRP as of April 29, 2010 is 1,841,759.

PLAN OF DISTRIBUTION

We may sell our securities from time to time directly to purchasers or through underwriters, dealers or agents, in one or more transactions at a fixed price or prices, which may be changed, or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. We may also issue these securities as compensation to such agents, underwriters or dealers for making sales of our securities. We may use these methods in any combination.

By Underwriters

We may use an underwriter or underwriters in the offer or sale of our securities.

- If we use an underwriter or underwriters, we will execute an underwriting agreement and the offered securities will be acquired by the underwriters for their own account.
- We will include the names of the specific managing underwriter or underwriters, as well as any other underwriters, and the terms of the transactions, including the compensation the underwriters and dealers will receive, in the prospectus supplement. The underwriter may sell the securities to or through dealers, and the underwriter may compensate those dealers in the form of discounts, concessions or commissions.
- The underwriters will use this prospectus and the prospectus supplement to sell our securities.
- We may grant underwriters who participate in the distribution of our securities an option to purchase additional securities in connection with the distribution.

By Dealers

We may use a dealer to sell our securities.

- If we use a dealer, we, as principal, will sell our securities to the dealer.
- The dealer will then resell our securities to the public at varying prices that the dealer will determine at the time it sells our securities.
- We will include the name of the dealer and the terms of our transactions with the dealer in the prospectus supplement.

By Agents

We may designate agents to solicit offers to purchase our securities.

- We will name any agent involved in offering or selling our securities and any commissions that we will pay to the agent in the prospectus supplement.
- Unless indicated otherwise in the prospectus supplement, our agents will act on a best efforts basis for the period of their appointment.
- An agent may be deemed to be underwriters under the Securities Act of any of our securities that they offer or sell.

By Delayed Delivery Contracts

We may authorize our agents and underwriters to solicit offers by certain institutions to purchase our securities at the public offering price under delayed delivery contracts.

- If we use delayed delivery contracts, we will disclose that we are using them in the prospectus supplement and will tell you when payment will be demanded and securities delivered under the delayed delivery contracts.
- These delayed delivery contracts will be subject only to the conditions set forth in the prospectus supplement.
- We will indicate in the prospectus supplement the commission that underwriters and agents soliciting purchases of our securities under delayed delivery contracts will be entitled to receive.

We may directly solicit offers to purchase our securities, and we may directly sell our securities to institutional or other investors, including our affiliates. We will describe the terms of our direct sales in the prospectus supplement. We may also sell our securities upon the exercise of rights which we may issue.

General Information

Underwriters, dealers and agents that participate in the distribution of our securities may be underwriters as defined in the Securities Act, and any discounts or commissions they receive and any profit they make on the resale of the offered securities may be treated as underwriting discounts and commissions under the Securities Act. Any underwriters or agents will be identified and their compensation described in a prospectus supplement. We may indemnify agents, underwriters, and dealers against certain civil liabilities, including liabilities under the Securities Act, or make contributions to payments they may be required to make relating to those liabilities. Our agents, underwriters, and dealers, or their affiliates, may be customers of, engage in transactions with, or perform services for us or our subsidiaries in the ordinary course of business for which they will receive compensation.

Representatives of the underwriters or agents through whom our securities are or may be sold may engage in over-allotment, stabilizing transactions, syndicate short covering transactions and penalty bids in accordance with Regulation M under the Exchange Act. Over-allotment involves syndicate sales in excess of the offering size, which creates a syndicate short position. Stabilizing transactions permit bids to purchase the offered securities so long as the stabilizing bids do not exceed a specified maximum.

Syndicate short covering transactions involve purchases of the offered securities in the open market after the distribution has been completed in order to cover syndicate short positions. Penalty bids permit the representative of the underwriters or agents to reclaim a selling concession from a syndicate member when the offered securities originally sold by such syndicate member are purchased in a syndicate covering transaction to cover syndicate short positions. Such stabilizing transactions, syndicate short covering transactions and penalty bids may cause the price of the offered securities to be higher than it would otherwise be in the absence of such transactions. These transactions may be effected on a national securities exchange and, if commenced, may be discontinued at any time.

The maximum consideration or discount to be received by any Financial Industry Regulatory Authority, or FINRA, member or independent broker dealer will not exceed 8% of the aggregate amount of the securities offered pursuant to this prospectus and any applicable prospectus supplement.

LEGAL MATTERS

Certain legal matters in connection with the validity of the common stock offered hereby will be passed upon for us by Norris, McLaughlin & Marcus, P.A. Walter G. Reinhard, a member of the firm, is also one of our directors, and owns 3,052 shares of our common stock.

EXPERTS

The consolidated financial statements of Middlesex Water Company as of December 31, 2009 and 2008 and for each of the three years in the period ended December 31, 2009 and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2009 (which is included in Management's Report on Internal Control Over Financial Reporting) incorporated by reference in this Prospectus have been so incorporated in reliance on the reports of ParenteBeard LLC, an independent registered public accounting firm, incorporated herein by reference, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We are a reporting company and file annual, quarterly and current reports, proxy statements, and other information with the SEC. You may read and copy these reports, proxy statements, and other information at the SEC's public reference room located at 100 F Street, N.E., Room 1580, Washington, DC 20549. You can request copies of these documents by writing to the SEC and paying a fee for the copying cost. Please call the SEC at 1-800-SEC-0330 for more information about the operation of the public reference rooms. Our SEC filings are also available at the SEC's web site at *www.sec.gov*. In addition, you can read and copy our SEC filings at the office of the Financial Industry Regulatory Authority, Inc. at 1735 K Street, Washington, DC 20006.

We make available free of charge through our Internet website at *www.middlesexwater.com*, our Annual Reports on Form 10-K, Proxy Statements, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act of 1934 as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The information on our website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

This prospectus is a part of a Registration Statement on Form S-3 (which, together with all exhibits filed along with it, will be referred to as the "Registration Statement") which we filed with the SEC to register the securities we will be offering. Certain information and details which may be important to specific investment decisions may be found in other parts of the Registration Statement, including its exhibits, but are left out of this prospectus in accordance with the rules and regulations of the SEC. To see more detail, you may wish to review the Registration Statement and its exhibits. Copies of the Registration Statement and its exhibits are on file at the offices of the SEC and may be obtained upon payment of the prescribed fee or may be examined without charge at the public reference facilities of the SEC described above.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC's rules allow us to "incorporate by reference" the information we file with the SEC, which means we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus. We incorporate by reference the documents listed below, which already have been filed with the SEC, and certain information we may file in the future will automatically update and take the place of information already filed. The following documents are incorporated by reference: (a) our Annual Report on Form 10-K for the year ended December 31, 2009 filed on March 8, 2010; (b) our Current Report on Form 8-K filed on March 18, 2010; (c) our Current Report on Form 8-K filed on March 26, 2010; (d) our Current Report on Form 8-K filed on April 30, 2010; (e) our Quarterly Report on Form 10-Q filed on May 6, 2010; and (f) the portions of our proxy statement on Schedule 14A for our 2010 Annual Meeting of Shareholders that have been incorporated by reference into our most recent Annual Report on Form 10-K.

In addition to the documents already filed, all reports and other documents which we file in the future with the Commission pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, while the registration statement of which this prospectus is a part remains effective, shall also be incorporated by reference in this prospectus.

You may request a copy of any of these filings. Such requests should be directed to: Mr. Kenneth J. Quinn, Vice President, General Counsel, Secretary and Treasurer, Middlesex Water Company, 1500 Ronson Road, Iselin, New Jersey 08830, Phone No. (732) 634-1500. You will not be charged for these copies unless you request exhibits, for which we will charge you a nominal fee. However, you will not be charged for exhibits in any case where the exhibit you request is specifically incorporated by reference into another document which is incorporated by this prospectus.